





## WORLD BRIEFS



## AMERICAN TOPICS

### JESSE JACKSON IOWA HEADQUARTERS



**WARMING UP** — The Reverend Jesse Jackson with local officials in Greenfield, Iowa, where he opened an exploratory committee office for the 1988 Democratic presidential nomination. Iowa will hold the first caucus of the campaign in January.

#### New Cities Spring Up In Suburban Areas

In what The Washington Post calls the "Los Angelesization" of America, satellite cities are springing up around every major U.S. city. As many as 14 such cities are emerging in the Washington area.

These satellite cities, also called by such names as "urban villages" and "megacenters," have more jobs than bedrooms, and they have replaced the suburban residential way of life with the convenience and congestion of cities.

"This shift from pre-World War II cities to 21st-century cities," says Christopher B. Leinberger, an urban development consultant, is "every bit as major as the 18th-century mercantile trading centers of Ben Franklin's Philadelphia being transformed into the 19th-century industrial cities like New York."

Some see this urbanization as the logical reversal of suburban sprawl. "This is not really the aberration," said Jane Jacobs, author of "The Death and Life of Great American Cities." "The aberration is how thin things got. I think we decentralized artificially."

One former suburbanite is Clayton Wine, whose half-acre (one-fifth hectare) lot in Fair Oaks, Virginia, was "out in the boondocks" when he bought the lot and the house for \$8,000 in 1954. Now he is surrounded by high-rises.

"I can live with it for the bucks," said Mr. Wine. He has turned down what he says is the most recent offer developers have made for his property: \$426,000.

#### Short Takes

The fastest-growing segment of the hotel business is the all-suite hotel, as apartment hotels are coming to be called. The New York Times reports. Manhattan East Suite Hotels runs nine such places in Manhattan, reporting that executives account for three-quarters of overnight business. But they say companies also lease rooms by the month or year for trainees or for executives and their families who have been transferred to New York and are still house-hunting. The typical suite, with a living room, bedroom, bath and kitchen, enables hotel guests to prepare their own meals and to hold meetings in the living room instead of the bedroom.

Congress is expected to spend \$45 million to repair or replace government elevators. Most complaints about federal buildings are about the elevators: invariably slow, always breaking down and chronically out of service. Elevators in the Justice, Commerce and Interior buildings in Washington have not been replaced since the 1930s. Terence C. Golden of the General Services Administration said the agency is not "replacing these elevators, or putting them out of service and making climbing stairs part of our physical fitness program."

NBC is refusing to change the name of "The Bronx Zoo," a new television series about a New York high school, despite complaints from educators. "Chastity," said Tom Shanon of the National School Boards Association. The title of the National Broadcasting Co. series "casts students as animals and teachers as caretakers," said Larry McQuillen of the American Federation of Teachers. The group had no quarrel with the program itself, in which Ed Asner, star of the "Lou Grant" series, plays the school principal. An NBC spokesman said the title is "slang for a collection of diverse characters." He predicted that complaints would die down, as happened with the title of another series, "Miami Vice."

Shorter Takes: City employees are forbidden to tell racial or ethnic jokes at work under a new law that took effect this month in Long Branch, New Jersey. • Notice posted outside the Collegiate Church Playhouse in Manhattan and reported by Dian G. Smith to The New York Times: UNCOLLAPSED STROLLERS WILL BE TOWED AWAY. —ARTHUR HIGBEE

## Israel Reportedly Recruited Pollard After Spying by CIA

The Associated Press

WASHINGTON — A U.S. senator has asserted that Israel recruited Jonathan Jay Pollard to spy on the United States after learning that the CIA had conducted an espionage operation against Israel in 1982, a source said Friday.

Senator David F. Durenberger, former chairman of the Senate intelligence committee, told a group of American Jewish fund-raisers and lobbyists that the former director of central intelligence, William J. Casey, authorized the operation during Israel's invasion of Lebanon, according to the source, who is close to the U.S. Congress.

Senator Durenberger, Republican of Minnesota, refused to confirm the report but indicated it was not unfounded.

The source, who was present at the meeting, confirmed a report published Friday in the Jerusalem Post that quoted Senator Durenberger as saying Mr. Casey recruited a senior Israeli Army officer, apparently a former American, who gave the United States top-secret information.

[In Israel, Foreign Minister Shimon Peres and Defense Minister Yitzhak Rabin denied the Jerusalem Post report, United Press International reported.

"The charge is complete and utter nonsense," Israeli radio quoted

Mr. Rabin as saying. Most other officials declined comment.

"It was a real bombshell," said the source. "We had never heard of this operation before."

He said the senator had told the same story to another forum recently, but declined to say where.

The source, who said he took accurate notes of Senator Durenberger's remarks, quoted him as saying that the CIA operation "answers the big question of why Israel spied on the United States."

The senator said Friday: "I did not say we had a spy, but I can't say that we didn't because I don't know if we had a spy."

"We have always had a relationship with the Israelis that we wouldn't spy on them and they wouldn't spy on us," he said. "There was enough of a concern as to whether our side was living up to our side of the agreement. There was enough of an indication of that that maybe we should have some concern."

The Washington source quoted Mr. Durenberger as saying at the meeting that the U.S. operation was stopped after Israeli officials began suspecting disclosures of secrets.

The publication of Senator Durenberger's comments, which were made off the record, the source

said, could further exacerbate tensions between Israel and the United States over the Pollard affair. "This will now get into mud-slinging exchanges and that's something nobody needs or wants," said the source.

Some public recriminations between the United States and Israel have already begun.

U.S. Attorney Joseph E. DiGenova said in a newspaper interview that Israel might have other spies in the United States.

Mr. Rabin has denied this, saying Mr. Pollard was recruited in an unauthorized operation, and accused unnamed officials in Washington of seeking to strain the friendly ties between the two countries.

Mr. Pollard, an American Jew and former civilian analyst for the U.S. Navy, worked for Israel from the spring of 1984 until his arrest in Washington in November 1985, according to court records. The information he sold to Israel included details on weapons systems owned by Arab countries.

He was sentenced this month to life imprisonment. He said he decided to relay military secrets to Israel when he became convinced it was not receiving intelligence it critically needed from the United States.

## U.S., Satisfied by UN Fiscal Changes, Wants to Pay Its Part, End Fund Curb

By Joanne Omang

Washington Post Service

WASHINGTON — The Reagan administration, satisfied with the start of fiscal and administrative reforms at the United Nations, wants to pay UN contributions it withheld this year and change a law that curbs UN funding, State Department officials have testified.

Alan Keyes, assistant secretary of state for international organizations, testified Thursday before the Senate Foreign Relations Committee. He said that if Congress granted the request to add "such sums as may be necessary" for that purpose to next year's foreign aid allocation, it would be "buying an institutional, structural change" at the United Nations and "a consolidation of effective leverage for the United States."

However, he declined under persistent questioning to say which areas of the federal budget were being surveyed as possible sources for

the estimated \$110 million involved.

The committee chairman, Claiborne Pell, Democrat of Rhode Island, said he backed the proposal.

Senator Daniel Patrick Moynihan, Democrat of New York, called the request "a deathbed conversion" of a lame-duck administration to the idea "that international law and international order is after all something in which the United States has an interest."

He said he would support it.

"A deathbed conversion is better than no conversion, and I believe in the salvation of souls," he said.

Vernon A. Walters, U.S. representative at the United Nations, told the committee that his delegation and U.S. allies had used the fund-withholding tactic "to restore the United Nations, not to destroy it."

A UN reform package approved Dec. 19 "launched a rigorous program of reform of the UN budgetary process as well as economy in

personnel and expenditures," he said.

Using a new voting system, it gives the United States and other major donors a larger say in spending decisions than the small, mostly less developed nations that had used their majority to overrule U.S. desires.

"We must now demonstrate our support for the reform effort and for the United Nations by fulfilling our obligation to pay our assessed contributions," Mr. Walters said.

The administration proposal would modify but not repeal a measure introduced last year by Senator Nancy Landon Kassebaum, Republican of Kansas, that limited U.S. contributions to 20 percent of the UN budget until reforms were achieved.

Under the request, the U.S. payments would reach the 25 percent level called for by UN rules as long as the president certifies that reforms are being carried out.

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## Louis de Broglie, 94, Pioneer Physicist, Dies

Reuters

PARIS — Louis de Broglie, 94, who developed a revolutionary theory of the wave nature of electrons and was awarded the Nobel Prize in Physics in 1929, died Thursday in Paris.

He helped reconcile contradictions between the wave theory and particle theories of radiation, offering the hypothesis that particles would exhibit certain wavelike properties.

#### 'Brilliant Pioneer'

By Thomas W. Ennis  
New York Times Service

"The death of Louis de Broglie marks the disappearance of one of the most brilliant pioneers in contemporary physics," said Jean-Claude Lehmann, director of the physics department at France's National Center for Scientific Research.

Early quantum theory held that waves sometimes behaved like particles. Mr. de Broglie suggested in 1923 that particles, in turn, should exhibit wavelike properties, a prediction that led to the development of the field of wave mechanics.

The idea that there was a universal link between particles and waves was confirmed experimentally by others in 1927, and Mr. de Broglie won the Nobel award for his theory.

Mr. de Broglie belonged to a noble family, originally from Piedmont in northern Italy, that had founded a French branch before the 18th century and produced prominent French military, political and scientific figures.

He was known as prince most of his life, but in 1960, on the death of his elder brother, Maurice, a fellow physicist, he was designated duke, the title traditionally held by the head of the family.

He was born in Dieppe. His grandfather, Albert, had been prime minister of France in the 1870s under Marshal Mac Mahon. A great-grandfather fought on Washington's side in the American Revolutionary War as the chief lieutenant of Lafayette.

Louis de Broglie studied at the Lycée Janson-de-Sailly in Paris and received a bachelor's degree in his

story from the Sorbonne before taking another in science.

Much of his career was devoted to teaching, first as a lecturer at the Faculty of Sciences, where in 1928 he was appointed professor of theoretical physics at the Henri Poincaré Institute. In 1943, to help bring physicists and mathematicians closer, he founded the Center of Studies in Applied Mathematics at the institute.

Louis de Broglie was elected a member of the Academy of Sciences in 1933 and he became its permanent secretary in 1942. His distinction as a writer led to his being elected two years later to the French Academy to which he was inducted by his elder brother, Maurice, who was an experimental physicist known for X-ray research. Their father and grandfather also had been members.

Mr. de Broglie wrote more than 20 books including "The Revolution in Physics," "An Introduction to Wave Mechanics," and "Matter and Light."

Bill Baird, Puppeteer On Early TV in U.S.

LOS ANGELES (LAT) — Bill Baird, 82, who with his wife, Cora, and their collection of offbeat puppets filled the tiny black and white TV screens of the 1950s with mirth, died Wednesday.

He was the creator of such hand puppets and marionettes as Charlemagne the Lion and Slogger Ryan. He had been suffering from bone marrow cancer.

A former performer in the Ziegfeld Follies, Mr. Baird and his wife started on television in January 1950. They and their puppets were seen by millions on the Ed Sullivan, Jack Paar and Sid Caesar shows.

John von Spreckelsens, 57, Danish Architect

COPENHAGEN (AP) — Johan Otto von Spreckelsens, 57, a Danish architect who designed the huge open structure crowning the La Défense complex outside Paris, died Wednesday.

Mr. von Spreckelsens's design was chosen in 1983 from among 424 entries. He referred to his 24-story creation as a "window on the world." In Denmark, Mr. von Spreckelsens was best known for his



Louis de Broglie as a young physics professor in Paris

churches in Esbjerg, Farum, Hvidovre and Vænge.

■ Peter F. Oliver, 42, senior vice president of Morgan Guaranty Trust Co. and general manager in Brussels of the Euro-Clear System for international securities trading, March 11, apparently of a heart attack, in Frankfurt.

Helen Lightbody, 79, the nursemaid, or nanny, of Prince Charles and Princess Anne, who was known as "No Nonsense Lightbody," in a Scottish nursing home at Hawick on Saturday.

Santo Trafficante Jr., 72, a reputed Mafia leader, Tuesday in Houston where he had gone for heart surgery.

Antonio Lopez, 44, the fashion artist known as "Antonio" who helped launch the careers of Jessica Lange and Grace Jones, in Los Angeles.

Scott McKay, 71, an actor who played almost 30 featured roles on Broadway during a career that spanned 36 years, of kidney failure Monday in New York.

Robert-Jean Longnet, 85, a lawyer and journalist who was a great-grandson of Karl Marx, in Paris on Thursday. He was the grandson of Marx's daughter Jenny, who married Charles Longnet, a leader in the Paris Commune uprising of 1871.

## U.S. Imposes Asset Freeze On Duvaliers

By Elaine Sciolino

New York Times Service

WASHINGTON — President Ronald Reagan has signed an executive order freezing the assets in the United States of Haiti's former president, Jean-Claude Duvalier, and his family.

The order, which was signed Wednesday and took effect immediately, froze all property and funds "allegedly stolen by" Mr. Duvalier and his associates.

Although the Duvaliers have removed many of their assets from the United States since they fled Haiti and settled in France in February last year, the executive order will enable the Haitian government to work more easily through the U.S. court system for the eventual return of the assets that remain.

The assets include a \$2 million yacht and a \$1.2 million bank account in Miami, a \$2.5 million condominium in the Trump Towers in New York and a \$200,000 bank account in New York.

The size of the fortune that the Duvalier family amassed over nearly three decades of near absolute rule has been a source of speculation. Diplomats and business officials in Haiti have estimated that Mr. Duvalier and his family amassed from \$100 million to \$800 million.

#### Haiti Sets Border Opening

Reuters

PORT-AU-PRINCE, Haiti — Haiti's border with the Dominican Republic will be reopened in April, ending four years of cool relations between the two nations, the Foreign Ministry said.

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## An Unyielding Defense On 2 Essential Points

### Reagan Firm on Hostages, Contras And Contradicts Tower Findings

By Lou Cannon  
Washington Post Service

WASHINGTON — Facing a severe test of his ability to present a coherent defense of his Iran-contra policy, President Ronald Reagan firmly stood his ground at his new conference before a barrage of questions that challenged his credibility and competence.

Mr. Reagan demonstrated that he had no intention of yielding on

#### NEWS ANALYSIS

the two essentials of the defense he has constructed in a series of statements and speeches about the affair.

One essential, which Mr. Reagan repeated Thursday night in varying forms, was that he did not intend his Iran initiative to turn into the trade of arms for hostages that he acknowledged it became.

The other essential, as Mr. Reagan told it, was that he knew nothing about diversion of proceeds from the Iran arms sales to the Nicaraguan contras until Attorney General Edwin Meese 3d informed him of it the day before it was disclosed publicly in November.

In holding to this account, Mr. Reagan contradicted some of the findings of the Tower board of inquiry. But he said he accepted what the board said. The panel was chaired by a former senator, John G. Tower, Republican of Texas.

The president also raised new questions about his recollection of the events that led to the arms sales to Iran in the first place.

Early in his news conference, Mr. Reagan was asked about the statement of his former national security adviser, Robert C. McFarlane, who told the Tower board that in early August 1985, after several meetings of National Security Council officials, the president had given Mr. McFarlane authorization in a telephone call to allow U.S. arms to be shipped from Israel to Iran.

Mr. McFarlane said he also reminded the president that both Secretary of State George P. Shultz and Defense Secretary Casper W. Weinberger opposed this sale.

"Do you have no memory of that, whatsoever?" a reporter asked Mr. Reagan.

In a long response to this and a series of follow-up questions, Mr. Reagan repeated previous assertions that he remembered authorizing the arms sale but did not know when he had done it.

But Thursday night he appeared to incorrectly remember what Mr. McFarlane had said. The president disputed the idea that he had received a phone call, indicating that the question of approving the sale had been raised when Mr. McFarlane visited him in the hospital in July 1985 while the president was recuperating from cancer surgery.

The Tower commission report said that "in his meeting with the board on Feb. 11, 1987, the president said he had no recollection of such a meeting in the hospital in July with Mr. McFarlane and that he had no notes that would show such a meeting."



President Reagan selecting a reporter to ask a question during his press conference.

Later in his news conference Mr. Reagan was asked whether, in view of his difficulties in recollection, he might also fail to remember being told about the diversion of funds to the contra rebels fighting the government of Nicaragua.

"Oh, no," Mr. Reagan replied. "And I still do not have the answer to that money. The only thing I can see is that somebody in the interplay of transporting the weapons must have put an additional price on them. We asked for \$12 million, which was the cost — no profit on those weapons — and we got our \$12 million back."

The president apparently was referring to the price the Pentagon worked out to charge the Central Intelligence Agency for weapons taken from U.S. stockpiles for

transfer to Iran, some of which replenished Israeli stockpiles.

Instead of the single \$12 million transaction that Mr. Reagan's answer seemed to suggest, arms were shipped to Iran in a complex series of deals involving four transactions. Iran made payments of \$24 million for these arms. The United States never asked Iran for \$12 million, as Mr. Reagan indicated it had.

While minimizing the amount of the U.S. arms transfer to Iran, the president also tried to dismiss as a minor mistake his repeated statements at a news conference Nov. 19 that there was no involvement by a "third country," meaning Israel, in the arms deal.

According to Mr. Reagan's description Thursday night of his

Nov. 19 misstatements, he realized from talking to his staff soon after the news conference that he had erred and insisted that a correction be issued immediately.

"So it was just a misstatement that I didn't realize had been made," Mr. Reagan said.

In fact, as a reporter immediately pointed out to the president, he was asked about Israel's involvement four times at the Nov. 19 news conference and each time made the same denial of third-country involvement.

According to several sources, Larry Speakes, who was the White House spokesman at the time, and Donald T. Regan, who was the chief of staff, insisted on the Nov. 19 correction, rather than the president, a point that did not come up Thursday night.

## CIA Maintains It Played Down Chance of Improving Iran Ties

By Michael R. Gordon

New York Times Service

WASHINGTON — Senior Central Intelligence Agency officials say they repeatedly gave the White House intelligence reports in the fall of 1985 that indicated there was little prospect for improving U.S. relations with Iran, even as the Reagan administration began a covert initiative to accomplish that purpose.

The CIA officials said they also repeatedly advised the White House at this time that there was no imminent threat that the Soviet Union would gain significant influence in Iran.

Nonetheless, the White House proceeded with clandestine arms sales to Iran and even composed an intelligence finding in January 1986 that cited growing Soviet influence in the Gulf region as a major rationale for the Iran arms sale initiative.

The CIA officials agreed to be interviewed on Wednesday to counter allegations that government intelligence reports had exaggerated accounts of instability in Iran and the purported Soviet threat to lead support to President Reagan's Iran initiative.

But they acknowledged that the autumn 1985 intelligence assessments on Iran represented a reversal of an estimate the previous spring saying that the political situation in Tehran was deteriorating and that the Soviet threat was serious.

The report by the Tower commission on the Iran-contra affair, issued on Feb. 26, said that intelligence officials and staff members on the National Security Council worked together on a key intelligence assessment that laid the basis for the Reagan administration's Iran initiative. Some members of the commission have said privately that they suspect that the intelligence reports were tailored specifically to support policy goals.

The Tower commission took note of close collaboration between Graham Fuller, then the national intelligence officer for the Middle East, and Howard Teicher, then director of political-military affairs at the National Security Council.

Mr. Fuller, 49, who is retiring from the agency at the end of the year, prepared a "think piece" for William J. Casey, the director of Central Intelligence, in May 1985 stressing that the Soviet Union was in a far better position to exert influence in Iran and stating that the regime of Ayatollah Ruhollah Khomeini was "faltering." In his memorandum, Mr. Fuller suggested



Howard Teicher, former director of political-military affairs for the NSC.

ed that Western nations be allowed to sell arms to Iran so the West could gain influence in Tehran.

These conclusions were also stated in a government-wide intelligence assessment that was also prepared in May 1985 at the request of the National Security Council.

Richard J. Kerr, the deputy director for intelligence at the CIA, said that assertions in the May 1985 intelligence estimate about the Soviet threat to Iran were a matter of contention within the intelligence community and that he is now "fairly critical" of the conclusions in that estimate.

Mr. Fuller and Mr. Kerr said that they and other experts concluded several months after the May 1985 assessment that the Iranian regime was not as unstable as the intelligence forecasts had suggested and that the Soviet Union had not attempted to exploit opportunities for gaining influence.

"Within a matter of four to five months," Mr. Fuller said, "it came to a conclusion that the trends we had identified as active in May had not continued to develop in that direction."

He said that he prepared a written analysis of his new views, but did not distribute it throughout the government, as he did his "think piece." He said he told officials throughout the government of the new assessment.

"The internal situation had stabilized and the Soviets were not following up as they could have," Mr. Fuller said.

Mr. Kerr asserted that the

"trend" of intelligence reports in the summer and fall was going against the May assessment. "The intelligence was running in the other direction," he said. "It certainly was not pointing to opening in Iran with 'modernities'."

In the light of the Reagan administration's public disclosures since November on the evolution of the Iran-contra affair, this turned out to be precisely the period in which Mr. Reagan's closest national security advisers were beginning what shortly became the clandestine initiative to sell arms to Iran.

One knowledgeable official said that, after the summer of 1985, the administration became preoccupied with exchanging arms for American hostages and the intelligence assessment about Iran and the Soviet Union became less relevant to the White House.

He said he did not know if White House officials conveyed to Mr. Reagan the new reports, which were formally codified in an intelligence estimate in 1986. Despite the new intelligence estimate, the administration continued covert negotiations with Iran over hostages.

Mr. Fuller criticized the Tower commission's implication that he and Mr. Teicher worked together to produce an intelligence estimate that supported the new administration policy that was under consideration. Mr. Fuller denied that he had tailored his assessments to support policy.

"They are suggesting a coziness, an irregularity of relationship, that is far from the truth," he said.

Mr. Fuller asserted close collaboration was needed so that the analysts would provide "pertinent" intelligence. Mr. Fuller now serves as the vice chairman of the National Intelligence Council, which oversees the preparation of intelligence assessments. He said that he plans to retire from the government in December to work with a policy study institute.

Discussing the differences between the spring and autumn estimates, Mr. Kerr said that by the summer and fall the Iranians were "winning" the war with Iraq and that, as a result, there was less "internal pressure" on the Khomeini regime that could lead to instability in Iran.

**The Daily Source for International Investors.**

## Singlaub Suggested Arms-Fund Diversion in '85

By Benjamin Weiser

Washington Post Service

WASHINGTON — Retired Army Major General John K. Singlaub, who directed a campaign to raise private funds for the Nicaraguan rebels from 1984 to 1986, said he also had solicited two foreign governments for donations and had suggested that he could help them conceal their contributions from Congress by overcharging them for arms and diverting the proceeds.

General Singlaub said he had discussed his diversion plan, which ultimately was rejected by both countries in favor of direct contributions, with Lieutenant Colonel Oliver L. North.

Colonel North was the National Security Council aide who was coordinating White House efforts to sustain the rebels during a congressional ban on U.S. military aid.

Recalling the conversation with Colonel North, General Singlaub said, "I said, 'Do you think this will work?' And he probably said, 'Yeah.'" General Singlaub said the conversation took place in early 1985.

General Singlaub's plan is similar to what allegedly happened nearly a year later in the sale of U.S. arms to Iran, when Colonel North arranged for weapons to be sold at inflated prices, creating a pool of money that could be used to buy arms for the Nicaraguan rebels, also known as contras.

General Singlaub, while agreeing to discuss his diversion plan for the first time, declined to identify the two nations from which he solicited funds.

However, other sources identified the countries as Taiwan and South Korea. Officials from those countries denied contributing to the contras and said they had no knowledge of any solicitation by General Singlaub.

The origins of the diversion of funds from the arms sales has been one of the major unanswered questions since it became public and Colonel North was dismissed Nov. 25.

The Tower commission, which has given the most definitive account thus far of the Iran-contra

affair, suggested that Colonel North had gotten the idea from an Israeli official who was assisting him with the arms deals.

General Singlaub, who once worked for the CIA, is a former chief of staff of U.S. forces in South Korea. He was dismissed from that post by President Jimmy Carter.

General Singlaub's solicitation efforts are described in the Tower report, but the countries are not identified. It appears that the Tower commission was unaware of his diversion idea.

The report says only that "the contras eventually received funds from both foreign governments." It does not specify the amount of the contributions.

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## Rebel Role in Philippine Blast Doubtful

**BAGUIO, Philippines** — A Soviet-made anti-tank explosive used in the bombing of the Philippine Military Academy on Wednesday was part of a shipment seized by the military in 1972, a ranking officer said Friday.

The disclosure, by Brigadier General Jesus de la Cruz, cast doubt on claims that Communist rebels were to blame for the bombing.

General de la Cruz said a B-40 anti-tank bomb used in the explosion came originally from arms shipped to Communist rebels by China but intercepted and confiscated by the military.

Four persons were killed and more than 40 were injured in the explosion. The Communist New People's Army had been suspected of setting the time bomb, but it said it was not responsible. Western military analysts said they doubted the rebels would have carried out the bombing.

General de la Cruz, the regional military commander and a member of the investigating team, said he would "put no political color on the incident."

Other army sources earlier suggested that elements in the military opposed to the policies of President Corason C. Aquino may have been responsible.

The explosion tore part of the roof off a grandstand and badly damaged a rostrum area where President Aquino would have stood on Sunday to review cadets graduating from the academy.

Mrs. Aquino visited the wounded in Baguio hospitals Thursday, and aides said she planned to go ahead with the ceremonies on Sunday. She is to deliver the keynote address as military commander in chief.

General de la Cruz said investigators believed the bomb was exploded prematurely but would not say who the intended target was or when he believed the explosion had been set to take place.

"Maybe it was not intended for President Aquino, maybe it was intended for senior officers," General de la Cruz said. The armed forces chief of staff, General Fidel V. Ramos, and other ranking officers were to take part in ceremonies on Saturday.

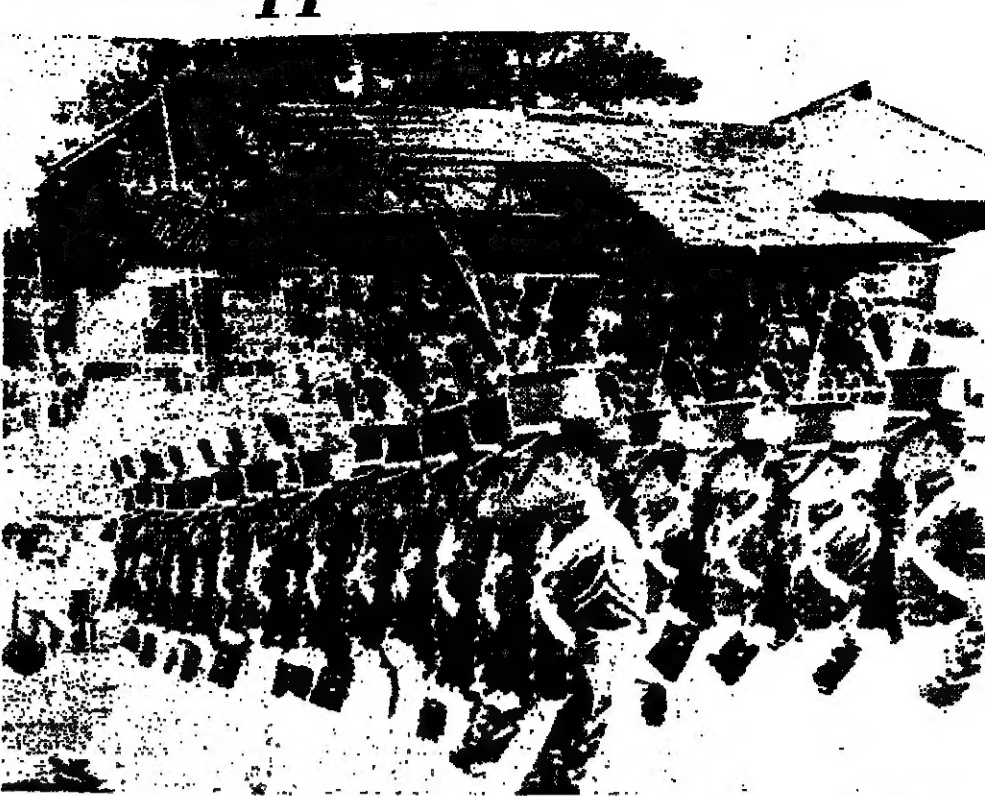
Mrs. Aquino, meanwhile, was described on Friday as "peevish" at a U.S. official's criticism of her government's conduct of the war against Communist rebels. The military reported Friday that 18 more soldiers have been killed in that war.

A U.S. assistant secretary of defense, Richard L. Armitage, told a congressional Foreign Affairs subcommittee hearing in Washington on Thursday that the Aquino government "had regrettably failed to develop a comprehensive counterinsurgency plan that integrates military, political, economic and social programs."

The presidential press secretary, Teodoro Benigno, said a group of middle-level military officers who met Mrs. Aquino on Friday had also made clear they "deeply resented" the statements by Mr. Armitage.

Mr. Benigno said the officers told Mrs. Aquino that Mr. Armitage "had no business telling us what to do."

The military said rebels killed 18 soldiers Thursday in a daylight ambush of a company on foot patrol in a forest.



Cadets at the Philippine Military Academy, in a rehearsal, pass the review stand that was damaged by a bomb. President Corason Aquino still plans to speak at the school Sunday.

## U.S. Warns Iran on Threatened Use Of New Anti-Ship Missiles in Gulf

By Don Oberdorfer

Washington Post Service

**WASHINGTON** — An Iranian military threat to interrupt the flow of Gulf oil with Chinese-made missiles has prompted U.S. warnings to Tehran and intensified diplomatic activity by the Reagan administration in the last two weeks, according to administration officials.

The administration, they said, is also said to be considering an informal approach earlier this year by Kuwait, suggesting that U.S. naval vessels escort Kuwaiti tankers increasingly under Iranian attack.

Kuwait also made an approach to the Soviet Union for escort service in the Gulf, the officials said Thursday.

The Pentagon announced Thursday that the aircraft carrier Kitty Hawk and supporting warships have been moved into the northern Arabian Sea, within striking distance of the Iranian missile batteries.

However, a Pentagon spokesman, Fred S. Hoffman, said that the battle group was operating "in the normal manner and is not trying to send signals or warning."

Pentagon officials said that along with several destroyers and frigates operating in the Gulf, the navy had 17 ships in the region Thursday.

The carrier has a crew of 5,600 and carries 85 aircraft, including attack bombers that have a range of 1,000 miles (1,600 kilometers) when armed with a maximum load. They can use aerial tankers to extend that range.

The new moves affecting the strategic waterway come as the administration is being criticized, domestically and among friendly nations, for the consequences of its secret dealings with Iran.

Growing concern in the Gulf about Iranian attacks on shipping

led to a White House statement Feb. 25 that said: "We remain strongly committed to supporting the self-defense of our friends in the region" and "also strongly committed to ensuring the free flow of oil through the Strait of Hormuz."

Since then, the administration is reported to have come close to a decision to escort Kuwaiti shipping if Kuwait officially requests it.

At the time of the Feb. 25 statement, the administration had begun to pick up indications that Iran was moving the large anti-ship missiles to threatening positions on land near the Strait of Hormuz, the chokepoint of the Gulf.

A test firing of at least one of the Chinese-made missiles and an Iranian warning to shipping near the strait two weeks ago brought the new threat into the open and generated more explicit and extensive U.S. responses, the sources said.

Recent U.S. moves included renewed warnings to Iran that Washington was determined to protect freedom of navigation for oil shipping in the Gulf and messages of intensified U.S. concern to friendly nations there and in Western Europe, as well as to the Soviet Union and China.

A message of U.S. concern about Iranian threats to the Gulf was delivered by Admiral William J. Crowe Jr., chairman of the Joint Chiefs of Staff, during a mission to Saudi Arabia, Kuwait and other Gulf countries earlier this month, officials said.

A State Department spokesman, Charles E. Redman, said Thursday that "since last summer, vessels serving neutral Gulf-Arab ports have increasingly been the target of Iranian attack. We remain concerned about these attacks and continue to discuss such threats with Gulf states."

The Chinese-made missile is a copy of Soviet Styx surface-to-sur-

face missile first put into service more than 25 years ago. It has a range of 50 miles and carries about 1,000 pounds (450 kilograms) of explosives, five times the payload of the missiles previously used by Iran to attack Gulf shipping.

The positioning of the missiles near the mouth of the Gulf is considered an escalation in the threat to shipping because they are much more powerful and accurate than missiles fired from aircraft.

U.S. officials have said China has become the leading arms supplier to Iran in the last year. China has denied that it is supplying the weapons.

### Missiles in 2 Sites

The missiles have been positioned in two places, on the north bank of the Strait of Hormuz and on an Iranian island close to shore. The New York Times reported. From those points, they could hit vessels in the narrow shipping lanes in the center of the strait.

However, Middle Eastern diplomats in Washington said they doubted that Iran would try to sink ships so close to the strait.

They said that would damage Iranian interests more than those of Iraq, which Iran has been fighting since September 1980.

The diplomats pointed out that Iran ships its oil through the Strait of Hormuz, while Iraqi oil is sent by pipeline through Saudi Arabia to the Red Sea or through Turkey to the Mediterranean Sea. Thus, they contended, the Iranian missiles were more of a psychological than a military threat.

On the other hand, the diplomats said, Iran has long been angered by the financial support that Saudi Arabia and other Arab nations have been giving to Iraq. Much of that support has come from Arab oil revenues, they said.

## AIDS: U.S. Approves Use of AZT Drug for Aids Patients

(Continued from Page 1)

cystis carinii pneumonia, or PCP. In announcing approval of the drug by the Food and Drug Administration, Dr. Robert E. Win- dom, an assistant secretary of health and human services, said:

"Today's approval marks an important step, but by no means a final victory, in our ongoing war against AIDS. Retrovir is not a cure for AIDS, but it has demonstrated ability to improve the short-term survival of AIDS patients with recently diagnosed PCP and certain patients with advanced ARC."

Dr. Win dom said that it was estimated that 32,000 people had been afflicted with AIDS in the United States, with 14,000 still living.

In addition, the Public Health Service estimated that two to three times as many Americans have advanced AIDS-related complex as suffer from AIDS.

Medical authorities consider the complex simply an earlier stage of the always fatal disease. The number of cases has been increasing

each year since the disease was recognized in 1981.

A New York AIDS patient who has been taking AZT for 17 weeks said that he felt the drug had helped him, and that he personally had not suffered the bad side effects some patients had. But he expressed concern about the cost.

### Dole Sees Campaign Issue

Senator Robert Dole of Kansas said Friday that AIDS was "going to be a big, big issue" in the 1988 presidential election and that the government should consider spending several billion dollars to deal with preventing the spread of the disease. Reuters reported in Salem, New Hampshire.

"This is an area that needs attention from the very top," Mr. Dole, the Senate Republican leader, told about 700 high school students here following a defense of President Ronald Reagan's arms control and foreign policies.

"It's a moral question, it's a health question, a lot of people are scared," he said. "And whether it takes \$100 million or \$1 billion or

\$2 billion we need to address it."

Mr. Dole, who is seeking the Republican presidential nomination, added: "Money alone is not the answer. We need to get the best minds in America. This epidemic is not going to wait for Congress. It is not going to wait for the administration. It's out there, it's growing, it's on fire. And we need to coordinate all the efforts, worldwide, nationwide, the best way we can."

Although the other Republican presidential candidates have sought to address the AIDS issue, Mr. Dole's comments, in response to a high school student's question, was more specific than his rivals'.

The AIDS issue has emerged gradually in the campaign. Vice President George Bush, according to associates, has said in response to questions that the United States should play a leading role in AIDS education around the world. Earlier this month, he told a questioner in Sioux City, Iowa, "I would be as vice president if I didn't say we are facing a national and world emergency."

Some suggested that billions of dollars in energy costs could eventually be saved by superconducting transmission lines and energy storage devices. Such devices would be gigantic coils that would store electricity in the form of magnetic fields, losing no energy at all to resistance.

Applications aside, the breakthrough in superconducting poses a challenge to theoretical physics. The present highly successful understanding of superconductivity seems to break down completely when it comes to explaining the new materials.

As night turned to morning, a speaker finished his technical report and paused to display a slogan in bright letters on the screen overhead. "I am extremely happy to be a part of these adventures."

Cheers filled the room, and the echoes rang from the television monitors outside.

## TRADE: Ire at Japan

(Continued from Page 1)

tion introduced by Senator Pete Wilson, Republican of California, on the semiconductor issue. He accused the Japanese of failing to abide by a pact to stop dumping semiconductors at below fair market prices in the United States and other countries, thereby undercutting U.S. producers. He also said the Japanese had not ended barriers to American sales in their market.

While Japan has denied violating the agreement, Reagan administration trade officials said there were no signs that the dumping has stopped in other countries or that American sales have increased in Japan.

Meanwhile, the Japanese are making preparations for a visit to Washington by Prime Minister Yasuhiro Nakasone at the end of next month. But key U.S. lawmakers are discouraging any plans by Mr. Nakasone to address a joint session of Congress because of the anti-Japanese mood.

The spokesman, Charles E. Redman, said the Bureau of Diplomatic Security will issue a letter to Ronald I. Spiers, undersecretary of state for management, advising him to exercise more caution in the future. Mr. Spiers has acknowledged carelessness in not covering up all the classified documents during the photo session.

Mr. Redman said results of a laboratory analysis revealed that no classified information could be read from the photograph, which appeared on the cover of the February issue of the Foreign Service Journal.

## PHYSICS: Superconductivity Breakthrough Is Cheered

(Continued from Page 1)

Beijing, Shoji Tanaka from Tokyo, along with C.W. Chu of the University of Houston and Mr. Baileg. These are some of the scientists, Mr. Ashcroft said, "who set this magnificent engine running."

Among the developments announced at the meeting, in some cases by scientists telephoning their laboratories to get the latest data, were these:

• At least eight new materials, all relatively easy to make, share the ability to become superconducting at around 90 kelvins, or minus 183 degrees centigrade (minus 288 degrees Fahrenheit).

• Practical applications have progressed more quickly than expected. Speakers described magnetic fields greater than any that have been seen on Earth and prototypes of electronic circuits that would operate at high speed and without generating heat.

• The discovery of yet another

compound — especially surprising because it contains a magnetic metal, gadolinium, that is ordinarily known to prevent superconductivity — was reported by researchers from the Los Alamos National Laboratory in New Mexico.

The dozens of reports were limited to five minutes each. Even so, they went on until 3:15 A.M. Thursday. The reports were televised over monitors in the hotel corridors, where more physicists clustered, drinking coffee and scribbling notes. Even after the formal adjournment, many lingered until 6 A.M.

Some scientists continue to urge caution about predicting quick success for the new materials, but most were highly encouraged. Measurements of crucial properties have improved weekly, particularly the improved weekly, particularly the ability of the superconductors to handle large magnetic fields. Questions remain, however, about their ability to carry large amounts of current.

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Herald Tribune

## Attention vintage car enthusiasts

On Saturday, May 23rd, at Bad Homburg (near Frankfurt), West Germany, the Automobilclub von Deutschland (AvD) is organizing the vintage car event of the year.



## THE COUPE GORDON BENNETT

This rally, sponsored by the International Herald Tribune as part of its centennial celebrations, will be run over the same course as the famous 1904 Gordon Bennett race, when Kaiser Wilhelm II gave the start before a million enthusiastic spectators.

One hundred vintage cars (from the very first automobile up to 1945 models) will participate. An attractive social program is also planned.

If you are interested in participating (no international competitor's licence required), please contact the AvD at the address below. Entries must be received by April 3.

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## Turning Warily to Syria

The dangerous task of seeking limited cooperation with Syria will probably be left to the next administration. Meanwhile, Americans must hope Syria sees its own interest in helping free all the hostages.

—THE WASHINGTON POST.

The investigations are in the hands of select congressional committees and an independent counsel, all talented and proper but potentially in debilitating competition. Now the committees have decided to hold extraordinary joint hearings to get more quickly to the bottom of events. They have found broad agreement with the independent counsel, Lawrence Walsh, about when and how to compel the testimony of Admiral Poin-

But the bald should hold onto their hats a while longer. The scientists do not mean 100 percent effective, only that rubbing a lotion of Minoxidil into the scalp twice a day makes a statistically significant difference, compared with rubbing in a lotion of nothing. Even Upjohn claims only 40 percent of people will benefit. Robert Stern, the chairman of the advisory group, which

percent last year, for example, while several Western experts who cross-checked the estimates with other data have concluded that the real figures were more like 1.6 percent in 1985 and 0.5 percent in 1986. Real growth

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Mr. Gorbachev has been Soviet leader for more than two years. Thus it is indicative of his values that the Soviet press is still full of Goebbels-like lies. One such lie is the Soviet report that the AIDS virus was concocted by U.S. scientists, and that AIDS outbreaks around the world often occur near "American war bases."

Vassili Aksyonov, the dissident author whose Soviet citizenship was revoked in 1980 while he

The traditional European system has been to rely on peer pressure, the supposition that established housewives will keep each other honest because it is not gentlemanly not to be. Of course, that leaves it up to the gentlemen who run the market to decide whether or not to play by the rules.

They do not like the thought of investigators prying into their records, and they worry that tie-ups with U.S. firms will subject them too to unaccustomed scrutiny. But the choice now is to open up national markets to outsiders or resign themselves to the backwaters of the global economy.

Some of the more advanced countries do think about working up some international market rules. This would be a useful subject for the next seven-nation economic summit conference. The financial world has raced ahead of governments, but all depend on its being kept in reliable working order.

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"What do the recent scandals . . . tell us about the values of the people involved? They tell us that these are people who are more interested in playing for high stakes than in working for the good of the nation."

Therein may lie the major theme for next year's presidential election.

*The Washington Post*

Then Israelis will find out which political leaders in both parties participated in the decision to hire Americans as spies. They will discover who was responsible for "tasking" the Pollards with such specificity, and whether the spy ring was larger than we now know.

staff, are the practices of an American news medium that has become more entertainment than journalism and that lavishes funds on "stars" rather than their researchers and writers.

D.C. BARNABY.

**SAN FRANCISCO** — "The visit Secretary Knox is calculated to create a feeling of greater friendship for the country, but his efforts should be seconded by American businessmen," says the San Francisco Chronicle. "Our commercial interests might well send representatives to Central and South America to build up trade relations that have steadily declined."

projected round-the-world flight was scheduled with a record-breaking hop from Guam to California, to Honolulu, came to a halt on March 20 as her Lockheed Constellation monoplane crashed as it was attempting to take off on the second leg of the trip.

Mike Earhart, Harry Manning, Fred Gove and Fred Goetz, who were injured, The fuselage split and several companions had serious injuries sustained down the runway. It traveled about 1,000 feet when it swerved left and then skidded, turning over on its nose.

The group, Mike Earhart, in charge of the controls, saved her life among those he accompanied by being quick on the trigger. As the plane fell over on its side, "cut-off ignition, and thus prevented the explosion of a large gasoline tank. This action will delay the round-the-world attempt for at least a month, it was reported."



## ARTS / LEISURE

## Finding Nuggets in Low-Grade Ore

**International Herald Tribune**  
**PARIS** — There is a lot to be said for the crude Paris auction system with its shabby little sales room where you get jostled, tread on, assaulted by smells — and occasionally surprised by unusual works popping up out of nowhere.

Thanks to a mailing system that appears unable to reach distant places more than a few days ahead of a sale, if at all, the Drouot auction house is conveniently free of

## SOURIN MELIKIAN

The rich private buyers from all over that make life more difficult for professionals at Sotheby's and Christie's posh sales, particularly in New York. And as a result of its peculiar cataloguing style, those millionaire amateurs that might have come against all odds would barely have been led to the presence of a major piece tucked away in a mass of pictures of the kind sought by old-fashioned interior decorators.

On Tuesday as Jacques Tajan, of the Ader-Picard-Tajan team, ascended the podium, few among those attending expected anything out of the ordinary. No less than three experts sat at a table near the podium, essentially because Drouot "experts" effectively operate as agents for the auctioneer — giving expert advice mainly on those pictures that have reached the auctioneer through them.

In the catalogue, many pictures were taken care of in just one line. The entry for what is easily one of the most astonishing Old Master paintings seen at auction this season is a classic. Under the name Heemskerck, to whom the portrait is only "attributed" — in auction



This portrait, attributed to the Dutch artist known as Heemskerck, sold for slightly more than 4.4 million francs.

room parlance this means "in the manner of and possibly by" — the informative title calls it "portrait of a woman." The caption adds that it is "painted on panel, oakwood (some slight restoration work) 85 x 74 centimeters," gives an estimate of 400,000 to 500,000 francs (\$65,000 to \$82,000), and leaves it at that.

Marten Jacobsz van Veen, known as Heemskerck after the village near Haarlem where he was

born in 1498, is one of the most appealing figures of the northern Renaissance. His was a rebellious nature, without which his achievement would not have been possible. When his father, who wanted him to work on the family farm, called him back from the studio of the painter Cornelis Willemsz, to whom young Marten had been apprenticed, the young man ran away to Delft to study under Jan van Lucas. As he learned more and be-

came aware of the fame of Jan van Schoorel, he shifted allegiance. But he proved too good and, it is said, got the boot from his envious master. Indeed, one of his early paintings, for a church in Haarlem, so closely resembles Schoorel's work that it was long believed to be from the latter's hand.

Three years in Rome around 1532-35 had a dramatic impact on his style. He discovered Michelangelo and Raphael — the latter he admired even more. He was made aware of the scope of portrait painting and fell under the spell of Italian Mannerism. The Drouot portrait is one of the most extraordinary creations in the style devised by Heemskerck. There is a medieval stiffness about the upright bust, stylized like some character out of Van Eyck. But the intense eyes, burning with repressed anxiety, and the lips tightly pressed bear the mark of the new age, with its concern for individuality. The fingers of the left hand tensely poised over the rosary beads have an expressiveness that belongs to modern times.

Most typical of Mannerism in its northern version is the atmosphere of threatening ambiguity created by a few discreet touches — the eerie feminine face with a purposeful expression that terminates the arm of the chair, the grim ironical satyr's mask clenching its teeth over the strings holding an armorial shield that probably bears the arms of the sitter. Henry James would have loved it.

The expert, who may not doze on "The Turn of the Screw," apparently responded tepidly to the work. He and his colleagues gazed with embarrassed grins as Tajan,

equally at sea, obviously wondered when a telephone bidder would give up against the steady bidding from the back of the room. The presence of London dealers and agents — drowned in a crowd of French upper class onlookers who had been attracted by some 18th-century pictures from the collection of Prince Murat — might have given him a clue. It is not every day that so many familiar faces from Duke Street and New Bond Street can be seen all at once at Drouot.

The final price, 4,403,655 francs, was more than eight times the high estimate. It should be noted not so much as a "record" price — a meaningless phrase concerning Heemskerck, hardly seen at auction in recent years — but as an indicator of what important pictures may now be worth at auction. In the light of what happened in the autumn sales of New York and London, it is not particularly high. It may indeed be raised several notches in a future transaction. Only in a Drouot sale could such a picture be so blatantly underestimated — unless the whole of the British art trade got it wrong, an unlikely contingency.

But much the same treatment is meted out to paintings from closer to home. While no other picture remotely comparable in aesthetic significance with the Heemskerck portrait, there were two or three French School paintings well worth museum attention. Not one landscape by Adrien Manglard, the master of the better known Joseph Vernet, has been sighted on the auction market in a decade or so. On Tuesday there was one — "Sauvetage d'un navire," a large view of a tempest at sea observed from the



"Sauvetage d'un Navire," by Adrien Manglard, sold for about 190,000 francs.

shore, with a group of tiny figures, half-naked, struggling on the strand to rescue a ship. It is extremely well painted and except for minor restoration, plus two fresh scratches obviously caused by the loving care with which it is handled at Drouot, the surface is in good condition.

The expert said at the sale, but did not bother to mention in the catalogue, that Manglard produced an engraving of that painting. Although unsigned, its attribution is therefore not likely to be challenged. It is worth adding that it remains a pretty picture frame that was not mentioned in the catalogue either. At 190,454 francs it was a brilliant buy even if, again, the estimate of 50,000 to 60,000 francs was much lower.

True, late 17th- and 18th-century

painting from France is often still incredibly cheaper than almost any other school of Old Masters. Hyacinthe Rigaud's portrait of a Portuguese nobleman, Jean de Sousa, who married the daughter of the Maréchal de Villeroi and was an officer in the French army, was a giveaway at 157,109 francs. The painter makes a reference to the picture in his books for the year 1695, effectively dating it. It may be conventional, even boring, but for a documented work by the leading court painter of Louis XIV, the figure is grotesquely low.

Attractive works fared no better — worse, actually — such as an exquisite portrait of a lady, also by Rigaud, who seems to have remembered his Fontainebleau school predecessors when he did it. Delicate gold brocade tracery runs on

the dark velvet of the bust and the hand is raised in a gesture much like Diana's when pulling an arrow from her quiver. The portrait went for 92,641 francs — peanuts.

But low prices were not confined to French paintings on Tuesday. The sale was deadly and the response of the room tepid. A superb landscape on panel by Jan van Goyen would appeal to any lover of 17th-century Dutch art. The sense of space and the beautiful light through the clouds in the distance make it a collector's dream — the 20-by-32-centimeter panel is just too small and the subject matter too unobtrusive for a museum. A long crack in the panel will be easily mended. A syndicate of dealers got it for 279,375 francs — the season's world record in Dutch school bargains.

## Mugler: Hot, Sexy and Witty

By Hebe Dorsey  
 International Herald Tribune

**PARIS** — Thierry Mugler has a truly brilliant ready-to-wear collection, putting Paris fashion back in top gear. Highly sophisticated, it was also hot and sexy without being vulgar.

Unlike many indecisive designers, Mugler has a steady and glamorous vision of womanhood. He

## PARIS FASHION

also has wit — a rare commodity in the fashion business — and even a dash of folly, which gives his collections a delicious suspense.

True to his style, Mugler kept to strong shoulders, but these were not the macho shoulders of business suits. Mugler's women do not wear tweeds but light gabardines and crepes and the finest black chiffons. They do not work, neither do they jog. All they do is dress to please men. Tall and statuesque, they move around in tall spiky heels and short, tight-fitted skirts that curve over the knees and dip slightly at the back. Their sheer black stockings feature seams back and front. To add to their mystery, they like to enfold their faces into deep hoods, many of them luxuriously fur-lined.

In this Hollywood vamps' life, nothing is left to hazard. Makeup is strong and sophisticated, with smoky eyes and bright red lips. Hair is gathered into red-velvet-encased chignons or shaped into convoluted pretzels.

The short, broad-shouldered silhouette was further arched by big, rounded sleeves with seamed edges. Short jackets balanced strong shoulders and a high waistline gave waist and hips an extraordinary dimension.

Mugler went on with the peplumed suit — vastly exaggerating it with finely stitched, rippling peplums. He also kept his impeccable jumpsuits but otherwise showed very few pants. New for him were all the short, bubble-backed coats and the panniered dresses of brown ribbed jersey. The two huge pouf dresses, of black velvet with white satin, maid's aprons were spoozy and a wink at Christian Lacroix.

This was a short and sculptural look, especially in profile, and the clothes were as beautifully finished as the best of couture. For evening, Mugler had more wonderful surprises — notably a black widow series, which turned out to be hilarious when the black dresses featured daring back decoillages. The little black velvet suit, with high

spiky collar and cuffs covered in rhinestones, is sure to be a best seller.

This scenario Thursday was conducted on a black background with occasional bright patches, including red and bright green. But in general, the color associations were made at a subdued level — mustard and purple, and olive with claret.

After the Chloé show Friday morning, everybody was asking who was the designer. He happened to be a Venezuelan, Carlos Rodriguez, who spent eight years in Milan working for San Lorenzo, a deluxe ready-to-wear company. Rodriguez was also responsible for the last Chloé season.

Asked how the latter sold, Sior Pendle, general manager of this house and director of Dunhill Holdings, which owns Chloé, said: "Frankly, not brilliant."

This collection was no better and one buyer answered, when asked for his opinion: "Are you serious?" Another would not be quoted.

There were some hopeful notes in the brown jersey dresses, trimmed with tiny pleats, as well as in a group of black velvet dresses, with white collars and contrasting taffeta pleats. But the flared, short and swinging look never really took off. As for the taffeta eve-

ning wear, it had about as much line and direction as a pair of curtains.

It is a shame that Dunhill, which has clearly invested much time and money in this company, cannot get it off the ground. Part of their trouble is that this house is still clouded by the brilliant legacy of Karl Lagerfeld. But there is enough young talent around nowadays, especially in England, which could be put to good use.

Jean-Charles de Castelbajac is the only Paris designer who is outwardly oriented. This is why his show was unfolded in front of high, snowy peaks and included so much ski and after-ski wear.

It started with Aran-inspired sweaters, cut by loudly colored stripes. Light trenchcoats were worn over short, simple knit dresses. Bright color patches included differently colored sleeves — one red, one green on a knit dress while the turtleneck was blue. Big and loose, mechanics' overalls looked like the height of comfort. The comic strip blouses over tight minis reflected Castelbajac's interest in art. Reversible khaki coats revealed bright-colored linings printed with animals while other sweaters were embroidered with jaguars or panthers in fake fur.

## AUCTION SALES

## ADER PICARD TAJAN

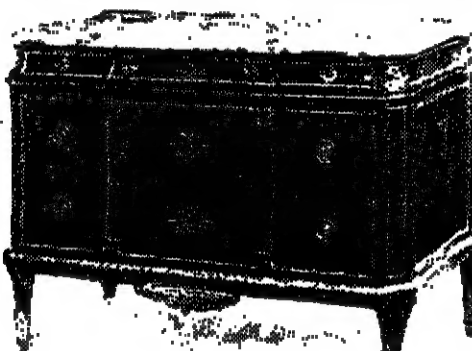
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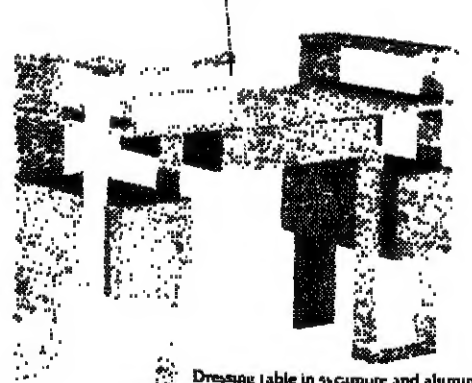
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## Marking 40 Years of the House of Dior



A Christian Dior design, above; and the creator measuring his style up close.

**PARIS** — This is Dior's week, with both President François Mitterrand and Prime Minister Jacques Chirac helping this national monument of a fashion house to mark its 40th anniversary with three days of celebrations.

Mitterrand Thursday inaugurated an exhibition at the Musée des Arts de la Mode devoted to the late Christian Dior's designs from 1947 to 1957. That afternoon, Dior licensees from around the world were received at the Paris city hall.

On Friday evening, 500 people were invited to a black-tie dinner to inaugurate Dior's new 1,600-square-meter boutique. For this occasion, a tent was built around the Dior fashion house on Avenue Montaigne, recreating the neighborhood as it was 40 years ago — with cafés and boutiques, and a flower shop that has since disappeared. Saturday night there will be a party at Maxim's hosted by Bernard Arnault, the industrialist from the construction business who owns the house today. Guests will include Eileen Mehl (the columnist Sissy), Jerome Zipkin and the socialist Ann Slater.

In 1947, the house of Dior had a \$300,000 turnover and 80 employees. In 1986, it employed 750 people and its turnover, including licenses but without perfumes, came to 600 million francs (about \$100 million).

This success is largely due to the talent of Marc Bohan, its designer since 1960, and to the business acumen of Jacques Rouet, its director for 38 years, who left a couple of years ago.

The exhibition offers a close look at a designer who changed the course of fashion in a relatively short time. A shy, retiring man from Normandy, Dior, who became famous overnight, had strong ideas about his craft, most of which ring true today. Among them: "Women don't wear what they like. They like what they wear"; "Fashion makes an elegant woman more beautiful and a beautiful woman more elegant" and "An elegant woman does not ride a bicycle." — HD

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HERRO, KEMPE, KLUGE, LE PLO,

MARK, MICHEL-HENRI,

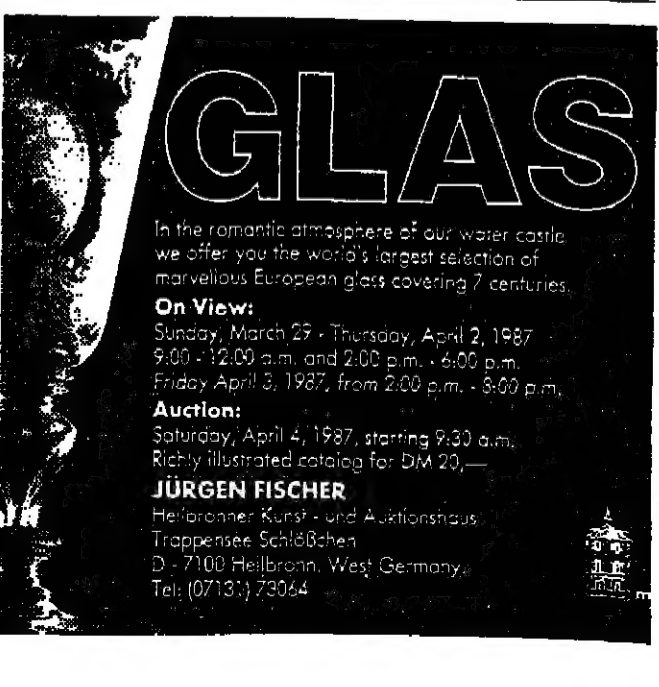
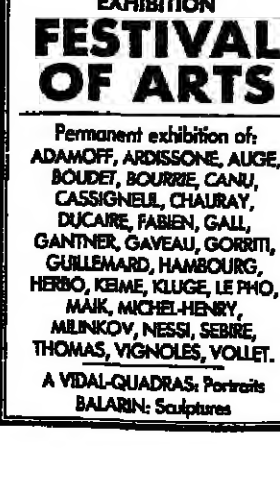
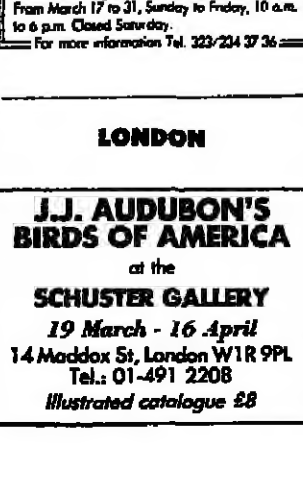
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THOMAS, VIGNOLES, VOLLET.

A VIDAL-QUADRAS. Portraits

BALABIN: Sculptures

## DOONESBURY





NYSE Most Actives				
Vol.	High	Low	Last	Chg.
Navistar	45.34	45.34	45.34	+
Amgen	21.99	21.99	21.99	+
Amgen	21.99	21.99	21.99	+
Amgen	21.99	21.99	21.99	+
Amgen	21.99	21.99	21.99	+
Amgen	21.99	21.99	21.99	+
Amgen	21.99	21.99	21.99	+
Amgen	21.99	21.99	21.99	+
Amgen	21.99	21.99	21.99	+
Amgen	21.99	21.99	21.99	+

Market Sales				
NYSE 4 p.m. volume	231,295,400			
NYSE 4 p.m. volume	17,293,100			
NYSE 4 p.m. volume	17,293,100			
NYSE 4 p.m. volume	17,293,100			
NYSE 4 p.m. volume	17,293,100			
NYSE 4 p.m. volume	17,293,100			
NYSE 4 p.m. volume	17,293,100			
NYSE 4 p.m. volume	17,293,100			
NYSE 4 p.m. volume	17,293,100			
NYSE 4 p.m. volume	17,293,100			

NYSE Index				
High	Low	Close	Chg.	
Composite	146.22	146.22	146.22	+
Industrial	146.22	146.22	146.22	+
Transport	146.22	146.22	146.22	+
Utilities	146.22	146.22	146.22	+
Finance	146.22	146.22	146.22	+

Friday's  
**NYSE**  
Closing  
Via The Associated Press

AMEX Diary				
Advanced	312	311		
Declined	311	310		
Unchanged	310	309		
Total Issues	312	311		
New Issues	312	311		
New Loans	312	311		

NASDAQ Index				
Close	Chg.	Week	Year	
Composite	146.22	146.22	146.22	+
Industrial	146.22	146.22	146.22	+
Transport	146.22	146.22	146.22	+
Utilities	146.22	146.22	146.22	+
Finance	146.22	146.22	146.22	+

AMEX Most Actives				
Vol.	High	Low	Last	Chg.
Worl	10.42	10.42	10.42	+
Worl	10.42	10.42	10.42	+
Worl	10.42	10.42	10.42	+
Worl	10.42	10.42	10.42	+
Worl	10.42	10.42	10.42	+
Worl	10.42	10.42	10.42	+
Worl	10.42	10.42	10.42	+
Worl	10.42	10.42	10.42	+
Worl	10.42	10.42	10.42	+
Worl	10.42	10.42	10.42	+

Dow Jones Bond Averages				
Close	Chg.			
Bonds	146.22	146.22	146.22	+
Utilities	146.22	146.22	146.22	+
Industrials	146.22	146.22	146.22	+

NYSE Diary				
Advanced	129	128		
Declined	128	127		
Unchanged	127	126		
Total Issues	129	128		
New Issues	129	128		
New Loans	129	128		

Odd-Lot Trading in N.Y.				
Buy	Sold	% of		
March 19	254,227	65.71	2,457	
March 18	210,499	53.34	4,634	
March 17	377,741	95.51	16,839	
March 16	301,474	76.51	16,839	
March 15	352,362	89.32	19,342	

Dow Jones Averages				
Index	Open	High	Low	Close
Indus	231.45	232.55	230.55	231.55
Trans	146.10	146.50	145.50	146.00
Util	146.10	146.50	145.50	146.00
Comp	146.10	146.50	145.50	146.00

Standard & Poor's Index				
High	Low	Close	Chg.	
Industrials	146.22	146.22	146.22	+
Utilities	146.22	146.22	146.22	+
Transport	146.22	146.22	146.22	+
Finance	146.22	146.22	146.22	+
SP 100	146.22	146.22	146.22	+

NASDAQ Diary				
Advanced	129	128		
Declined	128	127		
Unchanged	127	126		
Total Issues	129	128		
New Issues	129	128		
New Loans	129	128		

AMEX Stock Index				
High	Low	Close	Chg.	
337.7	337.7	337.7	+	

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

## Dow Soars to Close Above 2,300

**United Press International**  
**NEW YORK** — Prices on the New York Stock Exchange reached their fourth consecutive record high on Friday, as investors defied worries about the "triple-witching hour" and the Dow Jones industrial average closed above 2,300 for the first time.

The Dow average, which rose 12.64 to a record high Thursday, soared 33.95 to close at 2,333.52 in heavy trading.

Gainers outnumbered losers by about 3 to 2 among the 1,981 issues traded.

Broad market indexes also hit new records. The New York Stock Exchange composite index rose 2.09 to 169.37. Standard & Poor's 500-stock index was up 4.09 to 298.17. The price of an average share gained 54 cents.

Volume amounted to about 234 million shares, compared with about 166 million on Thursday.

Investors seemed to shrug off worries about the triple-witching hour, the quarterly event in which stock index futures come due and options on the futures and on individual stocks simultaneously expire.

For the past several quarters, the event has caused wild price swings amid surging volume in the last half-hour of trading.

Institutional investors came to the market early, analysts said, with foreign institutions, particularly the Japanese, buying heavily.

The buying tapered off in midafternoon as investors retired to the sidelines to await the hectic final half-hour.

The buying kept the Dow above the 2,300 level all day.

"Institutions have been active again in the

past couple of days," Tom Gallagher, an Oppenheimer & Co. managing director in charge of capital commitment, said. "They've been waiting for a correction that never showed up, and now they're looking to put money to work."

Analysts said the market opened strong on the belief that futures-related trading programs linked to the triple-witching hour were carried out earlier in the week.

"The betting as far as the witching hour is concerned was that the bulk of the options programs were already unwound, leaving only the upside potential," said Ralph Bloch, senior vice president and chief market analyst at Raymond, James & Associates in St. Petersburg, Florida.

On the Big Board, Navistar was the most active NYSE-listed issue, rising 1/4 to 47 1/4. Pan Am followed, closing unchanged at 44 after announcing it had a \$197.5 million fourth-quarter loss.

LTV was third. It gained 1/4 to 43 on news that a federal bankruptcy judge approved a \$100 million financing arrangement between LTV and more than 20 banks as part of the company's reorganization under bankruptcy laws.

American Motors gained 1/4 to 44. The company said its board met but took no action on Chrysler's \$4-a-share bid to acquire American Motors.

Technology and semiconductor issues closed mixed. IBM rose 1/4 to 149 1/4. Hewlett-Packard gained 1/4 to 61 1/4. Texas Instruments closed up 1/4 to 176 1/4. But National Semiconductor lost 1/4 to close at 16 and Motorola dropped 1/4 to 55 1/4.

12 Month High Low Stock				
Vol.	High	Low	Last	Chg.
100	100	100	100	+
100	100	100	100	+
100	100	100	100	+
100	100	100	100	+
100	100	100	100	+
100	100	100	100	+
100	100	100	100	+
100	100	100	100	+
100	100	100	100	+

12 Month High Low Stock				
Vol.	High	Low	Last	Chg.
100	100	100	100	+
100	100	100	100	+
100	100	100	100	+
100	100	100	100	+
100	100	100	100	+
100	100	100	100	+
100	100	100	100	+
100	100	100	100	+
100	100	100	100	+

12 Month High Low Stock				
Vol.	High	Low	Last	Chg.
100	100	100	100	+
100	100	100	100	+
100	100	100	100	+
100	100	100	100	+
100	100	100	100	+
100	100	100	100	+
100	100	100	100	+
100	100	100	100	+
100	100	100	100	+

12 Month High Low Stock				
Vol.	High	Low	Last	Chg.
100	100	100	100	+
100	100	100	100	+
100	100	100	100	+
100	100	100	100	+
100	100	100	100	+
100	100	100	100	+
100	100	100	100	+
100	100	100	100	+
100	100	100	100	+

12 Month High Low Stock				
Vol.	High	Low	Last	Chg.
100	100	100	100	+
100	100	100	100	+
100	100	100	100	+
100	100	100	100	+
100	100	100	100	+
100	100	100	100	+
100	100	100	100	+
100	100	100	100	+
100	100	100	100	+

12 Month High Low Stock				
Vol.	High	Low	Last	Chg.
100	100	100	100	+
100	100	100	100	+
100	100	100	100	+
100	100	100	100	+
100	100	100	100	+
100	100	100	100	+
100	100	100	100	+
100	100	100	100	+
100	100	100	100	+

12 Month High Low Stock				
Vol.	High	Low	Last	Chg.
100	100	100	100	+
100	100	100	100	+
100	100	100	100	+
100	100	100	100	+
100	100	100	100	+
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# AVENUE

## INTERNATIONAL

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### THE GRAND SLAMMER

The word is that Mr. Inside Trader may be doing time at Eglin. Here's what it's really like inside the "Country Club Prison."

By Gudrun Founzi

So you're going to Florida, Mr. B? The word on the street is you may be going to the slammer, and if you're going you'll probably do Eglin. It's where the nastiest of the pinstripe set serve their time. Not only has it hosted the world's most fashionable felons, like Albert and Aldo, as well as other top-ranked corporate transgressors, it has served as the temporary residence for a variety of onetime headlines of class acts from Watergate to Abscam. You may have been at the top of the arbs, Mr. B, but you'll be just another eight-digit number at Eglin.

Folks at the Federal Bureau of Prisons like to contend that Eglin itself is nothing special, just one of 21 minimum-security prisons among the 47 penal facilities in the federal system. Sure, other minimum-security camps closer to Wall Street—like Allenwood in Pennsylvania and Danbury in Connecticut—get their share of headlines, too. But down through the years Eglin has topped a reputation for being the jug of choice for the convicted rich and famous. And, although the Prison Bureau claims there's no "choice" involved, Eglin annually seems to walk away with the Celebrity Jail of the Year award. The fact that Eglin is in the Florida panhandle may be a factor. For many of the privileged male factors who opt for Eglin, Florida has always meant sunny skies, soft sandy beaches, and plenty of fast action. That's not the Florida at Eglin, of course, but it's a tough image to shake.

Another thing you should know up front, Mr. B: although Eglin is in the South, it won't remind you

of the Monticello replica you were planning to erect on your Westchester estate. Although there's a certain wonderment to Eglin's maze of cubicles, grandiloquently designed into dormitory units, still, its barracks-style architecture doesn't quite soar. And although the prison is cut into a corner of the largest Air Force base in the nation, you may find its 27 acres a bit confining when you've been accustomed to ambling freely around a private 200-acre retreat. There aren't any security fences to give you that tight, closed-in feeling, but step over that white line in the road and you'll soon be sitting in a very tight cell in Leavenworth or Texarkana. And although you used to say, "I think greed is healthy," you'll have to abandon that philosophy. More than a buck in quarters in your pocket at any one time will land you in solitary.

Now, first of all, Mr. B, do you know how to get to Eglin? Yes, of course you do, but we're not talking about geography. Rather than send the U.S. marshals to fetch you, the government prefers that you just show up at the gate on the assigned date. Saves the taxpayers money.

No problem with arriving by chauffeured limousine, Mr. B, although you might consider removing that gilded "IFB" license plate. They don't dig individualism at Eglin. You'll be Mr. 18926-849, or something just as distinctive.

The first sight of what the small directional sign calls the FEDERAL PRISON CAMP comes after you turn right at the second traffic light and then left by Range Road. That cluster of buildings down at the end of Inverness Road is the camp. Its

dominant structure is a neat, two-story white building trimmed in a warm brown with large, shady eaves and honey shutters on each window. It's surrounded by lush, manicured lawns, immaculately trimmed hedges (one of Albert's jobs was clipping them), immense oaks loaded down with Spanish moss, and large, spread-fanned cabbage palms.

It might be a small college campus. Yet there are no book-toting

that resembles nobody's idea of a prison. James Cagney is not banging his cup on his cell bars. Dour-faced inmates aren't droning ominously in echoing, cavernous cell-block tiers. Clint Eastwood isn't secretly honing himself a bust-out blade amid the whirling cacophony of the machine shop.

God, that would be exciting, wouldn't it, Mr. B? But at Eglin there are no bars, no tiers, no angry mobs. And you don't need to



At Eglin prison, inmates are housed in dormitory-style dwellings.

students strolling about. Everywhere there are clusters of men in blue worsted pants and jackets busily raking and sweeping or clipping or mowing. It looks like a campus for groundkeepers.

And yet it exudes a certain serenity. It's an island of tranquility in the corner of a bustling military post. The wind whispers through the tall pines, the soft sunlight sends hazy luminescent shafts through the canopies of the spreading magnolia trees. A hush prevails. Time seems to stand still.

And that'll be the bitch of it, Mr. B. Physically, you'll be in a place

flash a blade to bust out—you can just quietly walk away. As a result, Eglin is a relentlessly tranquil place, severely neat, unmitigatingly sterile, and oppressively placid. It's pleasant enough to drive you nuts.

Eglin's appearance is deceptive. The campus-like atmosphere, the extensive facilities and amenities, even the gracious entrance to the administration building, with its green-carpeted homey front porch and pleasant foyer where you'll first check in, can throw you off. You'll sit there in that comfortable chair, the nondescript wall hangings and muted wallpaper remind-

ing you of nothing more ominous than a dentist's waiting room. Soon a stocky, congenial-looking woman in a brown uniform will walk down the hallway from the records room, call your name, and lead you back through a door marked RECEIVING. Then the real Eglin will begin to come down on you.

First of all, Mr. B, you—a man who has cultivated and manipulated the power brokers of our nation, commanded deference from the world's top financiers, and had a cadre of Harvard M.B.A. flunkies jumping at your every command—yes, you will be given a printed form that sternly advises: While here, you are expected to conduct yourself as a gentleman, to be courteous to other inmates, to respect authority, to obey all institution regulations, and to follow instructions of staff members.

And you will. From the beginning you will be as docile as a lamb. You have no choice. That is what Eglin demands. You will be taken from the entrance foyer back to the receiving office where you will be told to sit down, then to sit up straight while you are photographed. For the first time in your life you will feel that smiling is inappropriate.

Then all your clothes will be taken from you and sent home. You will be issued prison clothes—four blue shirts, four pairs of work pants, four T-shirts, four undershorts, three pairs of white socks, one belt, and one pair of work shoes.

After you are led through all the admissions paperwork and interviews, you will be taken to what will be your new home away from home, so to speak, your very own dormitory cubicle. Well, just your-and-one-other-guy's very own dormitory cubicle in your-and-more-than-180-other-guys' very own dormitory.

There are five dormitory buildings set in a cluster behind the administration building. The fifth unit was only recently completed, but Eglin's population has risen to the point where it is as overcrowded as the older units. The dormitories are air-conditioned, beige concrete buildings with a window strip for light under the eaves and a few white-louvered slit windows along each wall. Each of the dorms is divided into four wings, with a walk-through bathroom facility between each wing. There are eight shower stalls and toilets in each bathroom. You will share that bathroom with 90 of your fellow inmates. It won't remind you of the bath in your private suite at the Beverly Hills hotel. There is no bidet.

Each of the dormitory wings is blocked into a grid of cubicles formed by shoulder-high cinder-block walls. Standing, you can look across the entire dormitory and directly into adjoining cubicles. Not much privacy, but if there were banks of telephones and tables in the cubicles, Mr. B, it might remind you of a boiler-room sales operation for junk bonds.

You'll be assigned to one of the cubes, as they are called, with another inmate. Together you'll have a space measuring about seven feet by eight feet. Two iron-framed double bunks with thin mattresses are against one wall. The opposite wall is split into three partitioned units about 18 inches deep. One unit is a hanging locker with a shelf above it. The center unit is a "desk" section with a folding chair. The third unit is a stack of four shelves, two of them with locked doors. One is yours. That locked shelf represents the extent of your privacy at Eglin. And it is far from inviolate, because you can only use a special lock that must be pur-

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Boris Kostelanetz



Harvey Pitt



Stephen Kaufman



Robert Morvillo



Stanley Arkin



Peter Fleming

### THE NEW PINSTRIPE DEFENDERS

When the going gets tough, the tough get these lawyers.

By Jeffrey Kluger

When Ira Sokolow first walked into the law offices of Curtis, Mallett, Prevost, Colt & Mosle last June, he was 32, successful, comfortably wealthy—and in big trouble. Three weeks earlier, Sokolow and the rest of the New York financial community had been stunned when federal authorities announced the arrest of securities dealer Dennis Levine on charges of making a cool—and illegal—\$12 million trading on inside leads and information. While many on Wall Street looked at the news as little more than watercooler gossip, Sokolow saw it as much more: he was one of the people who had slipped Levine his hottest tips. And the feds knew it.

Sokolow was shown to the modest office of Peter Fleming, a gangly partner at Curtis, Mallett, whose reputation was made by his 1974 criminal defense of former attorney general John Mitchell. At the meeting, Sokolow—understanding little about the criminal system except that it had caught his scent and wanted his hide—cast his lot with Fleming.

The client told the lawyer his story: He and Levine were both

employed at the Shearson Lehman Brothers investment house. Levine had been trafficking in illegal information for some time, and finally approached Sokolow asking for any details he might be willing to share regarding deals or projects he was currently working on. Levine would be happy to pay for the information. Sokolow spilled what he knew and Levine paid him for the information—\$120,000 in all.

Now Sokolow was worried. Would he have to pay a fine? Would he have to go to jail? Could he continue to be a securities trader? He asked Fleming, head of the white-collar defense division at Curtis, Mallett, to represent him as he made his disclosures to the government, whatever the consequences might be.

This kind of case was hardly new to Fleming. For Sokolow, it was the beginning of a long and frightening legal ordeal. For his attorney, it was another day on the job.

Peter Fleming is one of a growing clutch of lawyers who make it their business to look after the world's Sokolows, Levines, Boes-

neys or political leaders who, through criminal conduct or simple recklessness, wake up one day to find themselves facing the very real danger of swapping their vertical pinstripes for fat horizontal ones.

While white-collar—make that pinstripe—crime in America is nothing new, the nation's lust for prosecuting it is. Since the parade of Watergate trials in the 1970s, district attorneys across the country—and their constituencies—have lost their willingness to wink at the felonies that are committed in the highest circles of industry and government. As the ranks of the defendants have swelled, so has the market for savvy lawyers able to pump up a jury's sympathy for a millionaire or a senator led into court with both hands tightly stuck in a cookie jar. A top defense attorney at a top law firm can now command fees as high as \$300 an hour; even junior partners may bill more than \$100. Complicated criminal cases can often wind up costing the defendant almost half a million dollars. And, with some trials consuming more than three years from first investigation through final appeal, the million-dollar defense is growing increasingly common.

Not surprisingly, the most well regarded defense attorneys tend to cluster where the mischief is. As often as not, that means New York and Washington. More and

more, pinstripe clients in fear of becoming pinstripe defendants are forgoing the all-purpose attorney and availing themselves of this growing field of practitioners.

Boris Kostelanetz is managing partner of Kostelanetz & Ritholtz; he is now marking his fortieth year as one of New York's most successful attorneys for white-collar defendants.

"The cases we handle can involve almost anything," he says. "Tax evasion, fraud, antitrust, food and drug violations, forgeries, embezzlement, theft. When I first got started, back in the thirties, prosecutors didn't really want to handle white-collar cases; they were considered too dull. Why worry about some guy who performed a little hocus-pocus on the company books when there's a white slavery ring you can go after? Now, of course, all that has changed."

And changed dramatically. "The last few years have seen a big expansion of white-collar prosecution," says Stanley Arkin, head of the six-man firm of Stanley S. Arkin, P.C. "This is particularly true in the securities area, particularly true on the Eastern Seaboard, and particularly true in New York City."

Peter Fleming of Curtis, Mallett agrees: "Some years only thirty percent of my work is white-collar defense; some years it's as high as seventy percent. This could be one of those high periods; 1987 looks

like it's going to be the Year of the Inside Trader."

Indeed, Fleming's client, Ira Sokolow, was small game compared to Dennis Levine; and Levine himself turned out to be just a costar in the year's most notorious insider-trading case: the prosecution of Ivan Boesky. Fined \$50 million by the SEC, required to pay back an ill-gotten \$50 million, and pleading guilty to a single charge, Boesky is represented by Washington, D.C., attorney Harvey Pitt, a partner in the multistate firm of Fried, Frank, Harris, Shriver & Jacobson.

"The prosecutor's office in the Southern District of New York has an extremely aggressive program going," Pitt says. "And a lot of it seems to be geared to securities cases."

The people likely to feel the prosecutor's pinch are not the small-potatoes, dine-at-a-time salary men who occasionally dabble in white-collar shenanigans, but the large-scale lawbreakers. "I don't know whether there's been much of an increase in the overall prosecutorial appetite," says attorney Robert Morvillo of Obermaier, Morvillo & Abramowitz. "But there has been a rise in the high-visibility cases, and that's likely to continue."

Such magazine-cover trials are designed as much to nab the big fish as to scare and scatter the little ones. But even as they dash the reputations of their defend-

dants, they often make the reputations of their lawyers. Without Boesky, Pitt would be almost unknown. Kostelanetz rose to prominence successfully defending T. Vincent Quinn, a Queens County district attorney indicted for conflict of interest in 1952. It was only later that he had the clout to attract such high-profile clients as Lyndon Johnson aide Bobby Baker, J. Truman Bidwell (former chairman of the New York Stock Exchange), and Dr. Kenneth Riland (a physician to Richard Nixon charged with income-tax fraud during the indictment frenzy of the Watergate years). Arkin's marquee cases have included the trial of Michael Nussbaum, former campaign manager for the late Queens borough president, Donald Manes, and a U.S. Supreme Court defense of Vincent Chiarella, the first widely publicized insider-trading defendant.

No matter how notorious many of their clients may be, pinstripe defenders tend to maintain a protective—almost fierce—loyalty to the clients they've guided through the courts. Kostelanetz speaks fondly of Quinn, as does Arkin of Nussbaum. Fleming openly gushes about John Mitchell, whom he defended against charges of perjury and obstruction of an SEC investigation.

Though such unblinking loyalty may be unsettling to the public

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## GRAND SLAMMER

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chased at the commissary. Although it is a combination lock, it is also coded on the back so prison officials can open it whenever they want.

Like the lock, your cubicle also represents what Eglin really means. The cube is not a cell, and no doors clang shut when you walk in and out. Yet you'll have less privacy than in a cell, and there is not enough space for both you and your cubemate to move about at the same time. Recalls a recent former inmate, a major money launderer from Miami: "There wasn't a night at Eglin where I slept through the whole night. With forty to fifty men in just one part of the unit, and four times that many in the whole dorm, with everybody snoring or coughing or sneezing or yelling in their dreams, it was hell trying to get through every night."

Neither will your cubicle be your retreat. You will be held responsible for the condition of your living area, the rules warn. Failure to comply with these regulations will result in a disciplinary report. So you will clean and mop the floor and make your bed before reporting to work call every morning. You will crease and envelope-fold the corners of your bunk coverings, military-style, tighten them smooth enough to bounce a dime, and leave an eight-inch collar at the turnaround.

After you are indoctrinated with the rules and regulations, you will be assigned your job and your work schedule.

Frankly, Mr. B. Eglin doesn't need another arbitrageur. In fact, it doesn't need any arbitrageurs, just as it doesn't need any doctors or lawyers or stockbrokers or investment bankers or exotic-goods importers. But it has plenty of each. As a result, since there are very few desk jobs as clerks or bookkeepers available, the vast majority of white-collar criminals at Eglin are doing blue-collar work. When new dorms and warehouse units were recently built, many new inmates

found themselves pushing wheelbarrows or hammering rafters and doing other hard labor. Some appreciated the new lifestyle, according to Warden Mike Cooksey: "You'd be surprised how many lawyers and accountants who are pale and fat and on the edge of heart attacks when they get here later come up and thank me for saving their lives, for getting them in shape."

As much as you may look forward to adding definition to your deltoids, Mr. B. the inside word is that there are some hard-labor jobs you should hope to avoid. Working at the tire factory on the Air Force base, for instance, is daily blackface-dirty business. And in the summer the laundry is unbearable. Kitchen work is also hot and hard, but the early shift starts at 3:00 in the morning, which means you finish earlier in the day and can avoid the long evening lines at the telephones or get some quiet afternoon rest in an uncrowded dorm.

However, because of the large number of inmates at Eglin and the limited amount of productive work available, there are battalions of workers assigned to ground-keeping, building maintenance, and all sorts of general landscaping chores.

It is especially apparent within the prison itself. There are exclusive country clubs in Long Island that don't look as immaculately maintained. There are world-class golf courses whose greens aren't as meticulously edged as the walkways at Eglin. The glass gleams forever spotless on the dormitory doors, and the brass handles and kickplates, polished repeatedly each day, would put the bright-work on a fleet admiral's command ship to shame. Even older inmates, guys like Aldo, who arrived when he was 81, are assigned work details. See those omnipresent sand-filled ashtray cans attached to walls and posts all over the place? See that old man shuffling around with that little hand strainer dipping into the butt cans and removing the butts? Compared to the population on the outside, a larger ratio—about 50 percent—smoke at Eglin. But no

cigarette butt remains in an ashtray or butt can for very long at Eglin, thanks to an army of sand strainers.

And don't even bother looking for wads of dry gum on the walls. Gum chewing is prohibited at Eglin.

The routine changes a bit on Saturdays, Sundays, and holidays. You will still be subject to stand-up counts throughout the day and night. But unless you're working the daily service jobs, such as cooking or kitchen details, you'll have the time to yourself. Visiting hours are from 8 a.m. until 3 p.m., but family and friends can simply drop in. When you arrive at Eglin, you will submit a list of the names of family members and relatives you would like to see. Each must be approved. (Your sister-in-law, for instance, may be considered a negative influence for calling you "the bum" in *Time*.) Nonfamily members can visit only if you submit a special request form three weeks in advance of their planned visit.

And, by the way: visitors are also prohibited from chewing gum at Eglin.

Your contact with visitors will be restricted—hand-shaking, kissing, and embracing are permitted, but only upon arrival and departure. You may also want to tell Mrs. B. that, during the visit itself, she'll be permitted to put one arm around your shoulder, upper back, or waist. No touching any lower.

At the end of the visit and before leaving the visiting room, each inmate will step into a closetlike room next to the exit. There you may have to remove all your clothing and be searched.

Strip searching is an option that prison officials may exercise at any time. It is part of a constant surveillance and monitoring program.

At 10 p.m. you will return to your bunk for another head count. The lights will go out at 11 p.m.

At 12:30 a.m. guards will move through the dorms for another head count. Again at 2:30. And again at 4:30. Soon thereafter another day will dawn at Eglin.

Gaston Fonzi is a Florida-based writer and investigative reporter.

## PINSTRIPE DEFENDERS

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and to prosecutors, pinstripe defense attorneys insist that it's essential to a successful defense. "A relationship between a criminal attorney and a defendant is not a purely commercial one," says Arkin. "You really have to like your client if you're going to work together closely."

Not that these attorneys spend their whole careers working cozily with the accused. In fact, most of them devote their first few years of practice not to representing lawbreakers, but to prosecuting them.

The majority—and I mean vast majority—of people in our field start off working for the U.S. attorney," says Morvillo, who spent seven years as a prosecutor in the Southern District of New York, arguably the nation's most prestigious federal district. "There is simply no better way to get trial experience."

Says Harvey Pitt, who spent ten years working for the Securities & Exchange Commission: "The first thing you have to be able to do for a client who's under attack is to know what's on the government's mind."

Knowing what's on the government's mind often helps defenders change the government's mind. When a grand jury or an investigative body begins looking in a potential defendant's direction, the smart defense attorney doesn't begin planning how to prevent a conviction, but how to prevent an indictment. "The biggest favor you can do for your client," says Arkin, "is to talk a prosecutor out of prosecuting. Sometimes you persuade him that your client is innocent; sometimes you concede that he did what the government says he did, but you argue that the offense is so small it just isn't worth pursuing. If you know what you're doing, a case can simply go away."

If practicing preventive law doesn't work and a client is for-

mally accused, the defense attorney must rely on an entirely different collection of tactics. The first is the plea bargain. Though the client hopes to avoid any punishment at all and often resists this approach, the lawyer who knows how severe the penalties can become often encourages it. Says Pitt of his client Boesky: "He may well have to do some time in jail. But we only had to plead guilty to one count; that's better than five."

When Kostelanetz represented presidential physician Kenneth Riland in his tax-evasion case, the lawyer's public relations approach was simple: he would paint the doctor not as a greedy millionaire trying to avoid paying his fair share to the government, but as a devoted—if befuddled—man of medicine who never quite figured how to file a tax return. "My defense was that this guy's a doctor, not an accountant," Kostelanetz says. "I had all his work papers and I argued that he just goofed them up." But he downplays the victory. "I got an innocent person off," says Kostelanetz.

As the number of prosecutions has increased, so has the severity of the punishment meted out by the courts. "The trend in these cases is toward more actual prison time," Morvillo says. "About half of all people now convicted will do some time at minimum-security facilities."

For many white-collar attorneys, however, the plea bargain is not always a popular choice. Arkin explains that the prosecutor who couldn't be cajoled out of pursuing a case in the first place is not likely to dicker once a grand jury hands down an indictment. Instead, one of the first steps some lawyers take in the face of a fresh indictment is to begin pleading the client's case not in the prosecutor's office or in court, but in the press.

Handling a white-collar defendant—especially a high-profile white-collar defendant—can be a complicated thing," says Morvillo, who currently represents John Zaccaro (husband of Geraldine

Ferraro), charged with bribery in a Queens cable-television deal.

"There are a lot of conversations you can have with reporters that can put your client in a very favorable light," he says. "You have to be willing to answer questions. If you refuse, they take that as a sign that you've got something to hide and that's what makes it into the papers."

But there are ethical questions. How far out on a legal limb is the good lawyer willing to crawl? Should a white-collar attorney handle the guilty-as-sin client?

"Every lawyer confronts the problem of the client who walks into his office and says, 'I did it but I don't want to plead guilty,'" says Morvillo. "There's nothing wrong with going along with his wishes, with going to court and putting the state to the test of proving its case beyond a reasonable doubt."

Sometimes a zealous pinstripe defender can get downright testy when protecting his client in public. Pitt, for one, needs little prodding to rise in angry defense of Boesky. "People are always asking, 'Why did he do it?' You can almost hear the self-righteousness in their voices. They all complain that he received too lenient a punishment. But I don't see a single one of them offering to pay any part of his 'lenient' hundred-million-dollar fine or serve any of the time he may have to serve."

Indignation notwithstanding, Morvillo, for one, concedes that the highly publicized cases like Boesky's and Levine's have helped curb corporate crime. Now, Morvillo says, powerful people "don't just come to us after they've done something the prosecutor considers criminal."

"Now they call first," he says, "wondering if what they're about to do is criminal."

Jeffrey Kluger, a nonpracticing attorney, is a freelance writer in New York specializing in business topics.

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## APRIL IN PARIS, IN JANUARY

How Ms. Faux Pas beheaded a fashion revolution.

By Ms. Faux Pas

**E**xcusez-moi, while Ms. Faux Pas puts you on hold. Ms. Faux Pas is recently back from Paris and *tout le monde* is calling to find out what's hot there. Not the weather, to be sure. That's because in Paris, April takes place in January, when the spring (and summer) haute couture collections are unveiled.

And although you may think the pouf skirt is hot, the pouf is getting cold—and it's all Ms. Faux Pas's fault.

You may wonder why Ms. Faux Pas, who buys her spring clothes—*après* the season—in the summer when they go on sale, would have intimate knowledge of the strange rituals of French haute couture, in which the price of a dress-for-success suit is equivalent to the annual starting salary for Harvard Business School graduates.

But due to an *incroyable* case of mistaken identity, Ms. Faux Pas was initiated into the mysteries of high fashion by a world-famous editor.

Actually, Ms. Faux Pas was already headed for Paris the economical way. She was standing in line at JFK with her *Born to Shop* the January Sales tour group—which was unfortunately overbooked—when she was miraculously upgraded to the Concorde.

When the attendant at the check-in counter asked to see Ms. Faux Pas's ticket, Ms. Faux Pas said, "*D'accord*" (which is what glitterati say instead of okay), and suddenly she was ushered into the Concorde lounge.

There she was befriended by none other than Belle d'Orsay, the long-running French fashion forecaster, who mistook Ms. Faux Pas for an American fashion editor because she was dressed all in black. (Ms. Faux Pas always wears black when she travels because she once read a book on style by Lana Riviera, widow of the nail-polish king, advising that in case the plane is diverted to Beirut because of the weather, a little black dress goes anywhere.)

Trying to look nonchalant in the Concorde lounge, Ms. Faux Pas was reading *Elle*, the Harvard *Lam-poon* fashion magazine. Madame d'Orsay asked Ms. Faux Pas if that was her magazine. Ms. Faux Pas replied: "*D'accord*," meaning it was her copy. Madame d'Orsay (who has had her share of misunderstandings—one of which resulted in her being barred for a time from couturier Yves Saint Honoré's fashion showings) misunderstood, assuming Ms. Faux Pas worked for *Elle*, and offered to take her to the spring shows. "*D'accord*," said Ms. Faux Pas, thinking it might be a good way to find some *mark-downs*.

Pointing to the man across the aisle surrounded by white flower arrangements, Madame d'Orsay explained that the fashion world has its own orbit and doesn't revolve around the sun, but around its Sun King, the fashion forecaster Jean-Louis Fairweather. He is the publisher of *WWW*—the Who, What, When, and Where (but never the Why) of fashion. In the trade, King Fairweather is referred to as "*Louie Sez*" because, depending on what he says in *WWW*, a designer can take off like a meteor or become a falling star.

Since King Fairweather likes to

spend September in New York in April, he decreed that April in Paris would be more convenient in January. Anyone who finds the fashion calendar confusing can read *WWW* and learn how to make fashion predictions like a pro—that is, while being seasonally disoriented and jet-lagged.

The first requirement of a fashion forecaster, Madame d'Orsay confided, is to be able to attend a Paris runway show without getting claustrophobic. The exit crush at one of those events is so serious that fashion editors have been known to lock earrings and chain bags. Madame d'Orsay gave Ms. Faux Pas smelling salts and wire cutters for such emergencies, and loaned her a chain bag to tote it all in.

The second rule of fashion forecasting, said Madame d'Orsay, is: In order to get a good seat at the showings, always wear something by the couturier. Obviously, with five or more shows per day, it makes sense for Belle d'Orsay to travel around in a Citroën dressing room on wheels—and change in the van rather than return *chez elle* to do so.

Madame d'Orsay is one of the world's best customers for haute couture. Only in the daytime will she dress off-the-rack. In the evening, she says, haute couture is a must, or else she feels just a little—how do you say it?—"cheap."

**M**s. Faux Pas, who is definitely—how do you say it?—"thrifty," hoped her collection of designer scarves would assure front-row seats. But as Madame d'Orsay pointed out, scarves don't count as homage, since couturiers don't always design their own. (Ms. Faux Pas is going to demand a refund from the street peddler at 59th and Lexington.)

Anyway, once seated in the Grandiose Hotel ballroom, where the most prestigious couture shows are held, Belle d'Orsay (who got Ms. Faux Pas a front-row seat) explained that the main preoccupation is not the show. All the important journalists have previewed the clothes so they can write their columns ahead of time. This allows them to note what the competition is wearing and figure out how to exit without locking earrings. Those in front can vault up on the runway and get out fast by following it backstage. The only drawback to this escape route is that one must pass the couturier, who is standing back there taking note of which editors are not wearing his designs.

"Why not just sit in your seat till the ballroom empties out?" asked the naive Ms. Faux Pas of her tutor, Madame d'Orsay.

So you can dash to the Ritz before the others and see who's arriving with whom for lunch, said the expert.

But fashion forecasting is not all drudgery—working lunches, measuring the ebb and flow of hemlines, changing the water in the flowers one receives. In the evening, there's always a party. Were it not for Belle d'Orsay, Ms. Faux Pas would never have been invited to socialite Suzie Richfriend's annual surprise party.

The surprise is not for Suzie. It's for the guests, who never know in

advance where the party will take place. They assemble on the roof of the Hôtel Ritz and are whisked by helicopter to an unexpected *mise-en-scène*. The guests were delighted that this year Suzie chose a place closer than last year's venue on top of the Matterhorn, where the guests all ruined their shoes in the snow.

This year Suzie staged a gala dinner-dance for 500 chums in the grand foyer of the Paris Light Opera House. It was preceded by a fashion showing of highlights of the couture season. Belle d'Orsay had a serious which-couturier-to-pay-homage-to problem. She settled for shoes, gown, wrap, brooch, chapeau, and petticoat, each by a different couturier. Ms. Faux Pas had no choice. She piled the scarves on her little black dress. As she was fighting her way to her seat, Ms. Faux Pas found that her dress was hooked by a chain bag belonging to a reporter from *WWW*. In the ensuing disentanglement, Ms. Faux Pas's dress sustained an embarrassing rip.

She considered running to Belle d'Orsay's van for a change of wardrobe, but realized that Belle was wearing *everything* in the van. So Ms. Faux Pas fled to the ladies room. The attendant offered to close the gap with 20 safety pins (chicly unconcealed), but Ms. Faux Pas recalled Belle saying, "The bag-lady look is *fini*."

One of the ushers offered Ms. Faux Pas his jacket and belt, but she remembered that *WWW* had decreed the tough-chic look was also *fini*.

Finally the helpful attendant unlocked the door of a nearby opera dressing room, where Ms. Faux Pas spotted the perfect frock. The attendant made some adjustments. *Voilà*.

The show had already started. As Ms. Faux Pas returned to her seat all eyes were on her. Had she chosen the wrong "look"? *Pas du tout*. Suddenly the photographers turned away from the models and started snapping Ms. Faux Pas in her poufed and panniered flowered silk Marie Antoinette gown. So *à la mode*. Long in back and, thanks to the adjustments, *très* short in front. Ms. Faux Pas was the only person in the place, except for the models, wearing this season's *recherché* costume-party look.

Noticing her for the first time, Jean-Louis Fairweather tossed one of his ubiquitous white bouquets her way. Would she care to make a statement for *WWW*?

She was beginning to feel almost as powerful as a bona-fide fashion forecaster. "It's time for fun in fashion, *n'est-ce pas?*" said Ms. Faux Pas authoritatively.

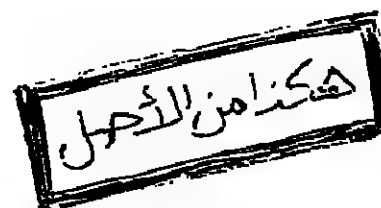
**P**erhaps too authoritatively. Madame d'Orsay leaned over to Mr. Fairweather conspiratorially and whispered, "I think the pouf is just about *fini*, *n'est-ce pas?*"

"*D'accord*," he responded with a sly smile. The next day, before Suzie Richfriend and her friends had even placed their orders, the death of the pouf and its imminent mark-down was front page in *WWW*. *Vraiment!*

Next month Ms. Faux Pas will tell you what "*WWW*" said when the powder-room attendant announced she was opening her own couture house.

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ECONOMIC SCENE

Whither the Dollar? Baker Keeping His Own Counsel

By LEONARD SILK  
New York Times Service  
NEW YORK — The United States ran a record deficit in merchandise trade of \$170 billion last year. And the broadest measure of the trade deficit, the balance of payments on current account, hit an all-time high of \$140 billion. Many economists, who consider the dollar still overvalued in these circumstances, are asking why the United States agreed at the Group of Six meeting in Paris to help stabilize the dollar at its present level.

Treasury Secretary James A. Baker 3d, interviewed in Washington this week, declined to answer that question. He said it was "a subject I prefer not to talk about." His reason was that if he began to explain why he had agreed to help maintain the dollar where it is, "I would of necessity end up getting into some of the private agreements that support such an agreement" on the dollar.

President Woodrow Wilson once argued for open conventions, openly arrived at, but that is a position financial officials have always rejected, spreading the threat to the stability of markets.

Nevertheless, Mr. Baker has set the financial Sherlock Holmeses of the world on a search for secret agreements that underlie the currency accord of the United States, Japan, West Germany, Britain, France and Canada. American acceptance of the accord stems from these considerations:

- Widespread discontent, including the United States, with the extreme volatility of exchange rates.
- Concern that a continuing dollar decline would impede growth in the other industrial countries.
- The need of the United States for dollar stability to obtain assurances from the others that they will adopt measures of macroeconomic stimulus.

Mr. Baker said he still favored a conference to improve the international monetary system and contended that the Paris accord was a "step in the direction" of deeper monetary reform.

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ON THE world debt issue, he said his plan, introduced 17 months ago at Seoul, was "pretty much on track." He said that "our proposal called for an additional \$20 billion in commercial bank lending over three years" along with additional funding from the World Bank and International Monetary Fund. "On Friday, with the closing of the Mexican package," Mr. Baker said, "you will see \$8.5 billion in new lending."

In the past 10 days, he added, Venezuela and Chile reached agreement with their private creditors. And the Philippines, he said, "appears to be making good progress." The only two problems, as far as he is concerned, are Brazil and Ecuador. He regards Ecuador, hampered by the oil price decline and an earthquake, as "a special case."

Mr. Baker was upbeat on the Brazilians: "They are, after all, paying on time all the debt service and principal on their official debts, having just rescheduled with the Paris Club." He said the Brazilian representatives had explained "in a nonconfrontational way" that they intend to pay their commercial bank debts in full but "need time."

Mr. Baker said there could be no "quick fixes" or "easy answers" to the debt problem, maintaining that it had taken 10 to 12 years to accumulate and could not be solved overnight.

He opposed debt relief — a canceling of debts — contending that it would cut off future private lending. Policies to increase economic growth are the acceptable form of debt relief to Mr. Baker.

"We are seeing spreads decline, aren't we?" he said. And interest rates have come down 5 percentage points since 1984, he said.

See SCENE, Page 13

The Wall Street Scandal: Another Player Falls

Jefferies Pushed Trading Rules, Himself to Limit

By Richard W. Stevenson  
New York Times Service  
LOS ANGELES — For years, Boyd L. Jefferies has stretched the boundaries of securities trading. As institutional investors came to dominate the market, he and his firm, Jefferies & Co., made it easy for them to trade stocks anywhere, anytime. And as corporate takeovers swept the business world, his willingness to line up stock from arbitrage speculators escalated the action.

On Thursday, Mr. Jefferies acknowledged that he had stretched some of Wall Street's rules and practices too far. He said he would plead guilty to two felony counts of violating federal securities laws and resign as chairman and chief executive of the firm he founded here 25 years ago.

One of the counts — for which he has not yet been formally charged — involves a transaction linked to the insider trading scandal surrounding the stock speculation of Ivan F. Boesky. Mr. Jefferies also agreed to an order barring him from the securities business for at least five years.

Although there had been widespread speculation that Mr. Jefferies would be implicated in the ever-widening scandal, his announcement of his guilty pleas raised questions about the future of Jefferies & Co. and the role it plays in financial markets.

The company moved quickly to try to minimize the damage, naming Frank E. Baxter, the president and chief operating officer, as chief executive. Mr. Baxter, who is widely respected in the industry, said in an interview that he had spoken with many of the



Boyd L. Jefferies, left, is the latest financial figure to be pulled down by Ivan F. Boesky, below, who is helping U.S. authorities.



To Associates, a Loyal 'Straight Shooter'

By Tom Furlong and Bill Sing  
Los Angeles Times Service  
LOS ANGELES — Boyd L. Jefferies' stunning announcement that he had agreed to plead guilty to securities violations and resign from his brokerage marks the downfall of a master stockbroker and innovator.

The news Thursday from the 56-year-old Los Angeles entrepreneur dumbfounded some associates and admirers who knew him for his legendary devotion to job and clients.

"I always thought he was a straight shooter — aggressive but on this side of the law," said one professional money manager in New York.

In tears and with his voice breaking, Mr. Jefferies broke the news to his staff early Thursday morning. In the statement to employees and stockholders, he wasted no time getting to the point.

"It is with deep personal sorrow and regret that I announce my resignation as chairman and chief executive of Jefferies Group, and Jefferies & Co.," he said.

"For 25 years, Jefferies has been my life," he said. "I am proud of the organization we have built together; I know that the company will continue to

grow and maintain its leadership position in our industry and in the market."

Mr. Jefferies made his company the dominant force in so-called third-market trading, in which big investors go to trade big blocks of stock off the floors of the major exchanges, often after the exchanges have closed. The company was controversial for helping corporate raiders acquire big blocks of target companies' stock.

"He was the best there was in the block business," one associate said of Mr. Jefferies. "Nobody worked as hard as he did. That was his game."

In fact, insiders said that Mr. Jefferies acted more as a chief trader for the company than he did as chief executive. He was a star salesman, accounting for 2 percent to 2.5 percent of his gross commissions in 1986.

Friends and clients described Boyd Jefferies' downfall more as a shame and personal tragedy for the man than a setback for his firm.

They said they had a hard time picturing Jefferies without his business. He is portrayed as a workaholic, often rising at 1:30 A.M. Pacific Time in his Laguna Beach home, getting to work by 3 A.M. and staying at his office as late as 6 P.M.

Fabulously rich, Boyd Jefferies owns a \$5 million home in Malibu.

See PROFILE, Page 11

Japanese Minister Gives Chip Makers Warning on Dumping

By John Burgess  
Washington Post Service  
TOKYO — The heads of 10 major Japanese semiconductor companies, summoned to a government ministry here on Friday, were told by officials to increase purchases of foreign chips and to refrain from "dumping" their products on overseas markets, Japanese officials said.

The meeting came as tensions grew between the United States and Japan over trade in semiconductors.

On Thursday, the U.S. Senate

passed unanimously a resolution calling for retaliation against Japan over its practices on chip sales.

On Friday, Japan's minister of international trade and industry, Hajime Tamura, told company presidents from such big producers as Toshiba Corp., Hitachi Ltd., Fujitsu Ltd. and NEC Corp. that low pricing abroad would raise doubts as to Japan's commitment to stick to an agreement on semiconductor trade signed with the U.S. last June.

That agreement provided for "fair market value" prices for Japanese chip exports and efforts by

Japan to give foreign makers of chips a larger share in the Japanese market.

Mr. Tamura said the Senate vote seemed to reflect a "tremendous tension and sense of precaution in the U.S."

But he also said that there was an element of "emotional misunderstanding" of the facts of semiconductor trade.

He said officials in Tokyo were investigating a newspaper report that a Hong Kong affiliate of Japan's OKI Electric Industry Co. had sold 5,000 chips in Hong Kong at \$1.95 each.

While he stopped short of calling the sale dumping, he said, "It is an outrageous thing to do when the situation with the U.S. is so delicate."

Mr. Tamura noted that "if a comprehensive trade bill passes on the Hill, it will not just target semiconductors."

OKI, meanwhile, acknowledged that it sold the chips at \$1.95 but said they were manufactured before the chip agreement was concluded.

It said the price was not below

the cost of production. Dumping is normally defined as selling below that cost.

"It is very regrettable that one of our affiliates carried out such a trade and had such an impact when relations between Japan and the United States are in such a condition," OKI said.

U.S. trade officials have accused Japan of failing to act to open its market to foreign chips. They also have said that some Japanese companies were dumping chips in third markets such as Southeast Asia, from which some were exported to the United States and other places.

Japanese officials have acknowledged some such sales and said they were working to stop them. To raise foreign semiconductor sales in Japan, they have conducted seminars and surveys.

Japanese company leaders told Mr. Tamura on Friday that they would do their best to cooperate, Japanese officials said.

But some contended that foreign companies were not making serious sales efforts in Japan.

billions of dollars in trade surplus with the United States.

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Senior IMF Aide Resigns, Citing U.S. Interference

WASHINGTON — A top official of the International Monetary Fund has resigned, charging that the United States pressured the agency to lower conditions it places on some loans, according to sources.

The sources said that C. David Finch told the IMF's board Wednesday that the United States had brought undue pressure on the IMF to approve funding for Zaire and Egypt.

"To resign in this manner is highly unusual, perhaps unprecedented," a source said.

Mr. Finch, an Australian who heads the IMF's exchange and trade relations department, reportedly said he planned to leave by the end of next month after 37 years with the agency.

Neither Mr. Finch nor the U.S. IMF representative, Charles Dallara, could be reached for comment.

Currency Rates

Cross Rates	March 20	March 21
Australian dollar	0.80	0.81
British pound	1.65	1.66
Canadian dollar	0.75	0.76
French franc	6.55	6.56
German mark	1.36	1.37
Italian lira	1,375	1,380
Japanese yen	160	161
Netherlands guilder	2.20	2.21
New Zealand dollar	0.45	0.46
Portuguese escudo	200	201
Spanish peseta	166	167
Swedish krona	8.5	8.6
Swiss franc	1.5	1.51
Thai baht	50	51
West German mark	1.36	1.37

Source: Reuters. Bank of Tokyo, Commercial Union Bank, Citicorp, etc.

Interest Rates

Key Money Rates Mar. 20	March 21
3-month T-bill	5.50
6-month T-bill	5.50
1-year T-bill	5.50
3-month CD	5.50
6-month CD	5.50
1-year CD	5.50

SAS Delays Decision on MD-11 Jets

By Warren Gertler  
International Herald Tribune  
LONDON — Scandinavian Airlines System said Friday it was postponing a decision to purchase 12 McDonnell Douglas MD-11 long-range jets, triggering speculation that it would stall a letter of intent signed in December to buy that aircraft and purchase the proposed European Airbus A-340 in SAS.

SAS, based in Stockholm, said that it had received an "attractive" counteroffer from Airbus Industrie involving A-340s equipped with more powerful engines than originally offered and that it would require time to evaluate the proposal.

Both McDonnell Douglas and Airbus had set March 31 deadlines on their offers to SAS.

SAS also said it could not convert options on the MD-11 into firm orders until negotiations between the United States and Scandinavian governments over their access to U.S. air routes are resolved.

A swing by SAS to the Airbus jet could prompt considerable irritation in Washington, sources said.

Despite having received from SAS only a letter of intent, and not a purchase agreement, McDonnell Douglas Corp. counts the Scandinavian airline as one of 12 initial launch customers for its MD-11.

The MD-11 order is valued at a total of \$1.5 billion.

On Thursday, Swissair, which had also been considered a potential swing customer for the A-340, converted six options on the MD-11 into firm orders and ruled out purchases of the A-340. The MD-11 agreement is valued at \$600 million.

The MD-11 is due for delivery in 1990, two years ahead of the A-340.

In February, allegations that Airbus was making aggressive counteroffers to airlines that had already signaled a tentative decision to buy the MD-11 provoked a visit to European capitals by senior U.S. trade officials warning against unfair trade practices by Airbus sponsor governments.

Airbus Industrie is a consortium of companies from France, Britain, West Germany and Spain.

The SAS announcement came as U.S. trade officials, in a special meeting of the GATT civil aircraft committee in Geneva, argued for a revision of the 1979 accord on trade in civil aircraft under the General Agreement on Tariffs and Trade.

The United States has said that Airbus may have violated several articles in that agreement.

It says the European governments have pumped up to \$10 billion into the consortium since 1972, allowing it to compete unfairly with McDonnell Douglas and Boeing Co. of the United States.

The European governments say the money constitutes loans that must be repaid.

The two-day GATT meeting, which ended Friday, yielded little except an agreement between the 20 member governments on the committee to hold consultative discussions leading to another special session in July.

Industry sources said the chief reason behind SAS's decision to postpone a firm order for the MD-11 is the need for the airline to examine the new engine proposal for the A-340.

In January, Airbus revamped its offer to include the fuel-efficient Superfan engine. But there is growing uncertainty in the airline industry whether that engine will be ready by the May 1992 delivery date promised for the A-340.

Rolls-Royce PLC, one of the partners in a consortium planning to build the Superfan, said Thursday that it could not guarantee that

See SAS, Page 11

Mexico, Banks Sign \$7.7 Billion Loan Pact

NEW YORK — Mexican officials and representatives of about 360 creditor banks worldwide began signing agreements Friday for \$7.7 billion in new loans, said Citibank, the co-chairman of the country's bank advisory committee.

The loan to Mexico is still only 99 percent subscribed. The banks will be kept open for several more weeks to garner the final \$100 million from about 60 banks that so far have refused to join the accord.

The committee and Mexico agreed in principle on the loan package in October. It is based on a core loan of \$6 billion, of which \$5 billion will be lent for 12 years with a five-year grace period.

The remaining \$1 billion is a

form of cofinancing with the World Bank, which will guarantee \$500 million of that amount. That loan is for 15 years, with nine years of grace. The package also includes two contingency facilities totaling \$1.7 billion.

One is a "growth contingency" cofinancing with the World Bank for \$500 million, of which half will be guaranteed by the World Bank. The loan may be drawn to fund high-priority investment projects if Mexican economic growth falls to reach certain growth targets for the first quarter of 1987.

Disbursements would be made for 12 years with seven years of grace.

The second contingency facility,

for \$1.2 billion, is designed to support investment in the public and private sectors. The loan may be drawn upon until April 1988, but only if Mexico posts a deficit in public-sector external receipts and if it first qualifies for drawings under a \$600 million oil-contingency facility from the International Monetary Fund.

The IMF loan would be triggered if the price of oil falls below \$9 a barrel for three months.

Because of the level of public-sector external receipts in the fourth quarter of 1986 and the first quarter of 1987, Mexico will not draw the first two installments of the contingency facility, totaling \$451 million, Citibank said.

Gold	March 20	March 21
London	375.00	375.00
New York	375.00	375.00
Paris	375.00	375.00
Frankfurt	375.00	375.00
Zurich	375.00	375.00
Geneva	375.00	375.00
Basel	375.00	375.00
Brussels	375.00	375.00
Amsterdam	375.00	375.00
Antwerp	375.00	375.00
Luxembourg	375.00	375.00
Madrid	375.00	375.00
Barcelona	375.00	375.00
Valencia	375.00	375.00
Seville	375.00	375.00
Granada	375.00	375.00
Malaga	375.00	375.00
Cadiz	375.00	375.00
San Sebastian	375.00	375.00
Bilbao	375.00	375.00
Vitoria	375.00	375.00
Pamplona	375.00	375.00
San Pedro de Navar	375.00	375.00
Leizor	375.00	375.00
Estor	375.00	375.00
Barakaldo	375.00	375.00
Getxo	375.00	375.00
Leizor	375.00	375.00
Estor	375.00	375.00
Barakaldo	375.00	375.00
Getxo	375.00	375.00

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43, boulevard Royal, Luxembourg

Notice of Meeting  
Messrs. Shareholders are hereby convened to attend the Annual General Meeting which will be held on March 31st, 1987 at 10.00 a.m. at the offices of Kredietbank S.A. Luxembourg, 43, boulevard Royal, Luxembourg, with the following agenda:

1. Reports of the Board of Directors and of the Statutory Auditor.
2. Approval of the balance sheet and the profit and loss account at the end of 1986.
3. Discharge of the Directors and the Statutory Auditor.
4. Election of the Statutory Auditor.
5. Miscellaneous.

Resolutions on the above mentioned agenda will require no quorum but a simple majority of the shares present or represented at the meeting.

Holders of bearer shares may vote at the meeting in person by producing at the meeting a certificate of deposit which has been or will be issued to them against deposit of their share-certificate with Kredietbank S.A. Luxembourg, 43, boulevard Royal, Luxembourg, or at all offices of Credito Italiano in Italy 5 days prior to the meeting.

Holders of bearer shares may vote at the meeting by proxy by completing the form of proxy which will be made available to them against deposit of the share-certificate as aforesaid or presentation of their certificates of deposit. In order to be valid all forms of proxy must reach the company at Kredietbank S.A. Luxembourg or at Credito Italiano five clear days prior to the meeting.

Share certificates so deposited will be retained until the meeting or any adjournment thereof has been concluded.

The Board of Directors

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4. Election of the Statutory Auditor.
5. Miscellaneous.

Shareholders are advised that there is no quorum requirement for the items of this agenda and the resolutions thereon will be passed at a simple majority of the shares present or represented at the meeting, subject to the restriction that no shareholder either by himself or by proxy can vote for a number of shares in excess of 1/5 of the shares issued or 2/5 of the shares present or represented at the meeting.

Holders of bearer shares may vote at the meeting in person by producing at the meeting either share certificates or a certificate of deposit which will be issued to them against deposit of their share certificates with Kredietbank S.A. Luxembourg, 43, boulevard Royal, Luxembourg.

Holders of bearer shares may vote at the meeting by proxy by completing the form of proxy which will be made available to them against deposit of the share certificates as aforesaid.

Share certificates so deposited will be retained until the meeting or any adjournment thereof has been concluded.

The Board of Directors







## Plea Shows SEC Moving Beyond Insider Trading

**The Associated Press**  
NEW YORK — To many, Wall Street's scandal is analogous to the police who stop a car for speeding, then discover drugs and weapons in the back seat. And no one knows what they will find in the trunk.

The police in this case, the Securities and Exchange Commission and the U.S. attorney's office in Manhattan, began uncovering insider stock trading by snaring a corporate deal maker, Dennis B. Levine, and a prominent takeover speculator, Ivan F. Boesky, last week.

Another major figure, the top merger specialist Martin A. Siegel, came forward last month and pleaded guilty to insider trading. But now, with the trading specialist Boyd L. Jefferies agreeing Thursday to plead guilty to a charge involving Mr. Boesky but not directly tied to insider trading, investigators seem to be beginning to fulfill their pledge to look beyond insider trading and pursue corruption throughout the financial markets.

Perhaps just as importantly, the Jefferies plea underscores how the authorities are not only searching for individual abuse, but are examining the overall takeover mechanism that brings different financial players together.

Those players include investment bankers and lawyers who are regularly privy to confidential corporate data; professional speculators, or arbitrageurs, who bet on stocks thought to be involved in takeovers; traders such as Jefferies & Co., which specializes in amassing huge blocks of stock often sold to corporate raiders to aid their bids;

### U.S. Subpoenas American Express

**United Press International**  
NEW YORK — American Express Co. revealed Friday it had been subpoenaed by the Securities and Exchange Commission in connection with transactions with Jefferies & Co. and others.

It said the subpoenas involved documents on transactions in securities of Fumero's Fund, an insurance company spun off to the public in May. Shearson Lehman Brothers Inc., the brokerage unit of American Express, also was served with a subpoena.

The raiders themselves, and investment firms that bankroll takeovers. The players' relationships have dramatically changed the way that takeovers, and related stock trading, have been conducted in recent years. As shown by the government's charges to date, the ties also created the potential for abuse.

Before Thursday's announcement, the scandal mainly involved the investment bankers, lawyers and arbitrageurs who personally traded stocks on the basis of important information not yet available to the public, such as a pending takeover bid. To do so is illegal.

Those implicated generally were accused of swapping information about potential takeover targets, perhaps for a fee, then buying those stocks on the assumption that prices would soar once the takeovers were publicly announced.



Boyd L. Jefferies, one of the top U.S. securities brokers, in his office in Los Angeles.

## PROFILE: Associates Saw Him as 'Straight Shooter'

**(Continued from first finance page)**  
tion home in Laguna Beach that overlooks the Pacific Ocean as well as a \$1 million condominium near Palm Springs.

In what little spare time he had, Mr. Jefferies liked to ski and play tennis and golf, a client said. He played sports like he worked: hard.

Frank E. Baxter, who became president of Jefferies Group last year, was officially named Thursday to replace Boyd Jefferies as chief executive.

Although company insiders say that Jefferies & Co. will be able to run by Mr. Baxter, outsiders questioned how the company's important clients would take the news.

Mr. Baxter "is a strong executive in his own right, but the real question is: Will he be able to retain the loyalty of Boyd's clients?" said Peter Long, analyst for Lipper Analytical Securities in New York.

One institutional client and shareholder said he would "be concerned whether or not this triggers a whole group of defections." The key, he added, will be whether Mr. Baxter "can keep his trading group together."

But several clients rushed to the company's defense Thursday. They said they would remain loyal as long as the firm retains its crack trading staff.

"This won't diminish them, there are too many good people there," a client said. "No question Boyd was a workaholic, a motivator and a driving force, but in no way do I believe this jeopardizes the Jefferies company."

Clients and company officials noted that Mr. Baxter, in effect, has been running the company for the past few months since Mr. Jefferies was subpoenaed by federal authorities in connection with the insider trading investigation involving the speculator Ivan F. Boesky.

And there has not been any noticeable decline in the firm's business since then, they said.

Mr. Baxter was described by one company official as more low-key and subtle than the hard-driving Mr. Jefferies, but also as a skilled trader and a man who understands back-office accounting.

Meanwhile, some clients and shareholders speculated that Jefferies could become more attractive as a takeover target. At Thursday's closing price of \$11 a share, the firm is trading at about its net worth per share, far lower than the stock prices of many other brokerage firms, one institutional client and shareholder said.

firm's clients and that they were supportive.

He said that the company still hoped to expand by setting up offices in Asia to facilitate round-the-clock trading. "That's where the future is," he said.

But many observers said it would not be easy for the company to overcome the loss of Mr. Jefferies, 56. "The spirit and guiding force of the company was Boyd himself," said a competitor who asked not to be named. "His own intensity was passed on to those who worked for him, and he almost physically drove that organization on a daily basis."

Mr. Jefferies spent his days manning the trading desk and looking over the shoulders of his traders, appearing brusque and intimidating to many but also inspiring loyalty among employees.

If there's any organization on Wall Street of that size that is dominated by one personality, it is Jefferies," said one competitor.

Perrin Long, who follows the securities industry for Lipper Analytical Services, said that the loss of Mr. Jefferies would almost certainly slow the company's rate of growth, which in the last few years has been in excess of 16 percent.

Mr. Long said the company's activities in off-hours trading and in selling large blocks of stocks to institutional specialists might be constrained, especially if Congress or the Securities and Exchange Commission enacted tougher regulations as a result of disclosures about insider trading.

To give itself greater freedom, Jefferies gave up its seat on the New York Stock Exchange in 1973. Mr. Long once termed Jefferies a discount brokerage for institutions.

Mr. Baxter said that 90 percent of the company's revenues came from institutional trading, where Jefferies matched buyers and sellers away from the tumult of the exchanges. But it is the company's off-hours trading and its close relationships with corporate raiders and arbitrageurs that have kept it in the spotlight in recent years.

In some cases, Jefferies could almost singlehandedly determine the outcome of a takeover attempt. Campeau Corp., the Canadian developer, was waging an uphill battle for Allied Stores Corp. last year when it abruptly terminated a tender offer for the retailer.

Campeau then rushed into the open market for Allied stock and picked up a 49 percent block through Jefferies within 30 minutes. Jefferies had assembled the block the previous day and then discreetly offered it to Campeau and other potential bidders.

One reason Jefferies has always been popular with big investors is that it affords them greater confidentiality than they have in making purchases on the New York Stock Exchange.

Jefferies identifies its clients, even internally, only by a code of numbers and letters, minimizing the chances for leaks. Still, all it took was word that Jefferies had sold a big block of stock for investors to begin speculating that the stock was a takeover target.

In recent years, the company also became well known for its so-called third-market trading. For example, when a Texas state appeals court issued a ruling unfavorable to Texaco Inc. in its multimillion-dollar legal battle with Pennzoil Co., a few minutes after the close of the New York Stock Exchange on Feb. 12, Jefferies stepped into the void.

Buyers and sellers who would otherwise have had to wait 18 hours until the market reopened were able to trade the stocks of both companies through Jefferies. Within a few hours, Pennzoil's shares were trading through Jefferies \$14 higher than their close on the Big Board while Texaco's stock tumbled \$4 a share.

Jefferies also fills the void when an exchange pending an announcement or because of an order imbalance. This practice infuriates the stock exchanges, which fear losing more volume to the third market.

Within Jefferies & Co., there had been increasing concern that Mr. Jefferies' drive to win institutional business was compelling him to agree to transactions that were too risky — or, as it turned out, illegal.

In October, for example, the company's board, seeking to avoid what could have been a protracted and expensive lawsuit, agreed to settle a dispute with a client over a transaction arranged by Mr. Jefferies that had gone sour.

The board agreed to settle the case for \$5 million, but forced Mr. Jefferies to pay \$3.8 million of that sum himself — a warning, according to an adviser to the company, that Mr. Jefferies had to become more careful about how he structured the deals he arranged.

The SEC is now looking into how Mr. Jefferies accounted for the payments on its books. But Mr. Baxter, the new chief executive, said that the case was unrelated to those to which Mr. Jefferies had agreed to plead guilty.

Mr. Jefferies founded the firm in 1962 and sold it to investors Diversified Services in 1969. Four years later, he led a group that bought the company back and in 1983, he took Jefferies & Co. public.

Mr. Baxter said that the firm's capital currently totals \$120 million. Jefferies has 445 employees, including 190 traders, with six offices in the United States and one in London, he said.

## JEFFERIES: Broker Pushed Rules, Himself Too Far

**(Continued from first finance page)**

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## BUSINESS ROUNDUP

### USAir Partially Cleared For Piedmont Takeover

**The Associated Press**  
WASHINGTON — The Transportation Department cleared the way Friday for USAir to purchase a controlling interest in Piedmont Aviation Inc., pending the government's final approval.

USAir, which reached agreement on the \$1.59 billion merger earlier this month, must put all Piedmont shares in a separate voting trust pending final approval of the acquisition, the department said.

USAir had sought government approval to purchase all of Piedmont Aviation, but the Transportation Department said it may hold only 51 percent for the time being.

USAir, headquartered outside Washington, and Piedmont, which has its headquarters in Winston-Salem, North Carolina, agreed March 5 to merge.

The agreement thwarted a hostile takeover attempt of USAir by Carl C. Isaacs, chairman of Trans World Airlines.

The Transportation Department must still consider whether the merger of USAir and Piedmont is in the public interest and does not result in harm to competition. But

the department's action Friday allows USAir to go ahead with the purchase of up to 51 percent of Piedmont shares.

The combination of Piedmont, USAir and Pacific Southwest Airlines, which USAir recently purchased, would create the seventh-largest U.S. airline with a market share of about 7 percent.

USAir has its primary hub in Pittsburgh and concentrates its operations in the Northeast with some flights to the Midwest and the West Coast.

Piedmont is concentrated in the Southeast and parts of the Midwest. Pacific Southwest Airlines operates mainly up and down the West Coast.

TWA agreed Thursday in federal court in Pittsburgh to back away from its \$1.5 billion takeover proposal for USAir, United Press International reported from New York.

TWA said Friday that the court agreement confirmed its earlier announced intention not to increase its 15 percent stake in USAir.

### Berliner Bank Suspends 3 Aides After Losses

**Reuters**  
BERLIN — Berliner Bank AG has incurred losses of 10 million to 100 million Deutsche marks (\$5.5 million to \$55 million) because credits were granted at its Stuttgart branch by officials there who exceeded their authority, a bank spokesman said Friday.

The spokesman declined to say exactly how large the losses were. Berliner Bank has suspended the three managers of the Stuttgart branch and is continuing an investigation into the case, in which state prosecutors are also participating.

The fact that the managers had exceeded their authority merged in a routine check at the branch. The city of West Berlin owns 74 percent of Berliner Bank and the rest is publicly owned.

In 1984, Berliner Bank sold 26 percent of its capital to private investors. The bank, established in 1950, reported assets of 12.5 billion DM in 1984.

### EC Says U.S. Broke Rules In Akzo-Du Pont Dispute

**Reuters**  
BRUSSELS — The European Community Commission charged Friday that the United States was breaking international trade rules by excluding Dutch-made fibers from the U.S. market because of a patent dispute.

The commission said it would ask for a ruling on the matter by the General Agreement on Tariffs and Trade in the latest trade dispute with the United States.

At issue is a complaint by the Dutch company, Akzo NV, that its Aramid-synthetic fibers have been banned from the U.S. market because of charges by Du Pont Co. that the fibers violate the U.S. company's patents.

Akzo said the ban, by the U.S. International Trade Commission, was discriminatory and incompatible with GATT provisions. The EC Commission said that since the ITC has jurisdiction over imported goods, EC producers are not as able to defend themselves as they would be in a normal U.S. court.

"Consequently the procedure followed," the commission said, "is less favorable than that which takes

places in normal courts of law for goods produced in the United States." The commission added that it "takes the view that this constitutes an illicit commercial practice."

EC officials said the provision of U.S. law that allowed the ITC to ban Akzo's fibers had proved a barrier to many EC exporters to the United States. They want a ruling on whether the law violates GATT rules.

Commission officials did not rule out retaliatory measures if GATT decides against the ban and if the law is not then changed to adhere to international rules.

Any such steps would be aimed at getting Washington to change the disputed section and not at penalizing Akzo or penalizing Du Pont, the commission said, adding that it had not sought to rule on the merits of the patents in question.

### Paribas Plans Issues of Shares

**Reuters**  
PARIS — Compagnie Financière de Paribas, the newly denationalized financial services group, said it would call an extraordinary meeting of shareholders for the authorization to issue shares and bonds.

It said Thursday that it would seek permission to increase capital, currently 2.33 billion French francs (\$381.97 million), by up to 2 billion francs of new ordinary shares.

It will seek authorization to issue bonds convertible into ordinary shares, to boost capital by up to 5 billion francs, and up to 10 billion francs nominal of ordinary shares. Paribas was denationalized in February. A public offering of 14.7 million shares was nearly 40 times oversubscribed.

### SAS: Decision Delayed

**(Continued from first finance page)**  
The Superfan would be ready by mid-1992.

There have been suggestions that SAS and Sabena, the Belgian carrier, are weighing a joint purchase of the A-340 to reduce costs and move toward shared routes on cargo runs.

SAS is also believed to be considering an offer from Boeing Co. to buy its 767-300 extended range jet.

SAS's decision to link an MD-11 purchase to a resolution over air traffic rights was seen by industry observers as a vehicle for leverage by the governments of Sweden, Norway and Denmark, which own a collective 50 percent stake in the airline.

Grade representatives from those governments have held talks recently in Washington on the question of more equitable access to the U.S. market for SAS in exchange for U.S. carriers being allowed to offer major price discounts on routes to Scandinavia.

## Nippon Life: A Power at Home and Abroad

**By Barnaby J. Feder**  
*New York Times Service*  
NEW YORK — Wall Street is no stranger to Nippon Life Insurance Co., the latest Japanese financial institution to show a taste for investing in a big-name American securities firm. Nippon, Japan's largest life insurance company, has been investing heavily in U.S. Treasury bonds, equities, and real estate in recent years.

What has been less known, perhaps, is how dominant a force Nippon is in its home market and how aggressively it has been diversifying into other financial services at home, as constraints imposed by the Japanese government have been relaxed.

It is not clear yet what relationships might emerge from American Express Co.'s plan to sell 13 percent of its Shearson Lehman Brothers brokerage unit to Nippon, but the Osaka-based company could provide Shearson and its parent with valuable contacts and leverage.

"You are talking about a company with unbelievable clout," said a senior executive at a leading American insurance company, who asked not to be named. "They can really throw their weight around."

As of March 31, 1986, the end of its most recent fiscal year, Nippon had assets with a book value of \$83 billion. Insurance industry analysts said that, when adjusted for accounting differences, the total would probably surpass that of Prudential Insurance Co. of America, the largest U.S. life insurer, which reported assets of more than \$91 billion at the end of 1985.

Nippon was founded in 1889 and grew to dominate the tightly controlled Japanese life insurance industry by the turn of the century. Today, it accounts for nearly one-fourth of the industry's assets. In 1985, Nippon outranked its nearest domestic competitor by 50 percent.

Nippon is also the largest holder of securities in Japan, with a stake in more than two-thirds of the 1,700 companies listed on the Tokyo Exchange. It is the largest shareholder in scores of companies and is second largest in perhaps 100 more. Nippon is also thought to be the second-largest owner of Japanese real estate after Mitsubishi Corp.

Despite its age and resources, Nippon is in some respects a financial neophyte. Japan's close-knit life insurance community — there are 23 companies, compared with more than 3,000 in the United States — was so tightly regulated until the 1980s that it remained a financial backwater.

But change has come rapidly in recent years. Nippon and the other

life insurers needed new room to compete and grow in a Japan in which more than 90 percent of households have some form of life insurance, the population is aging and other financial institutions are rushing to provide a wide range of services.

Another stimulus to change was a growing concern by the government in Tokyo that insurers who had all their investments in Japan would be financially devastated if a major earthquake struck the country.

As a result, new laws encourage insurers to invest overseas; to set up subsidiaries in other financial services such as leasing, mortgages and credit cards, and, more recently, to underwrite Japanese government bonds and offer financial consulting services.

"The insurance industry had been fairly unsophisticated in Japan compared to the banks and securities firms," said Arthur Mitchell, a partner at Coudert Brothers, a law firm with extensive dealings in Japan. "They are playing catch-up now."

Nippon has been active in yen-denominated loans to various governments and the World Bank. Since 1981, it has been an active participant in the Eurobond market through a Luxembourg-based subsidiary.

DBS Securities Singapore Pte., a subsidiary of Development Bank of Singapore Ltd., has applied to the Hong Kong Stock Exchange to set up a stockbroking firm in Hong Kong. DBS Securities Hong Kong Pte. It is the first Singapore firm to apply to the exchange.

First Financial Management Corp. has offered to purchase Comdata Network Inc. of Nashville, an international money transfer company, for \$342.7 million, or \$18 per share. Comdata has already signed a letter of intent to sell a 60 percent stake at \$15 per share offer to a venture capital firm, Welch, Carson, Anderson & Stowe of New York, but says the agreement has not been completed.

Genesco Inc., an investor group headed by Cyril Wagner Jr. and Jack E. Brown, both of Texas, and AFO Industries of Irvine, California, which is attempting a hostile \$2.2 billion takeover of Genesco, said it would sell broadcasting properties owned by Genesco's subsidiary RKO General Inc. The plan now calls for sales of all Genesco units except its tire and plastics operations.

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Denmark	D.Kr.	2,300	1,250	690	6.30	10	D.Kr. 37	D.Kr. 1,347								
Finland*	F.M.	1,630	880	490	4.50	8	F.M. 3.5	F.M. 1,274								
France	F.F.	1,400	760	420	3.85	7	F.F. 3.15	F.F. 1,147								
Germany*	D.M.	560	300	170	1.55	2.7	D.M. 1.15	D.M. 419								
Gr. Britain	£	120	65	36	0.33	0.55	£ 0.22	£ 80								
Greece	Dr.	20,000	11,000	6,000	55	100	Dr. 45	Dr. 16,380								
Ireland	£Ir.	140	77	42	0.38	0.70	£Ir. 0.32	£Ir. 116								
Italy	Lire	350,000	190,000	106,000	960	1,800	Lire 840	Lire 305,760								
Luxembourg	L.Fr.	10,700	5,800	3,200	29	50	L.Fr. 21	L.Fr. 7,644								
Netherlands	Fl.	634	340	190	1.75	3	Fl. 1.25	Fl. 455								
Norway*	N.Kr.	1,650	900	500	4.50	8	N.Kr. 3.50	N.Kr. 1,274								
Portugal	Esc.	19,000	10,400	5,700	52	125	Esc. 73	Esc. 26,572								
Spain*	Ptas.	26,500	14,600	8,000	73	135	Ptas. 62	Ptas. 22,568								
Sweden*	S.Kr.	1,700	920	520	4.70	8	S.Kr. 3.30	S.Kr. 1,200								
Switzerland	S.Fr.	490	270	148	1.35	2.50	S.Fr. 1.15	S.Fr. 418								
Rest of Europe N. & French Africa, Middle East	\$	400	220	120	1.19	Varies by country	\$ 0.89									
Rest of Africa Gulf States, Asia	\$	550	300	165	1.64	Varies by country	\$ 1.51									

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# Dollar Eases in N.Y.; Canadian Currency Firms

Compiled by Our Staff From Dispatches

**NEW YORK** — The dollar edged slightly lower Friday after a mixed performance in Europe as the Canadian dollar captured the spotlight on foreign exchange markets.

There was "very strong interest in the Canadian dollar," said James McGroarty, vice president of Discount Corp. of New York. He said that the U.S. dollar, the pound and the yen remained fairly stable.

The U.S. currency fell in New York to 182.80 Deutsche marks from 183.35 Thursday, to 151.375 from 151.425, to 6.0900 French francs from 6.1025 and to 153.05 Swiss francs from 153.45. It also edged against the pound, which slipped to \$1.6045, up from \$1.5975.

There are reports, Mr. McGroarty said, "that insurance

**London Dollar Rates**

Currency	Rate	Change
Swiss mark	1.5302	0.0001
French franc	1.5302	0.0001
Japanese yen	151.45	0.05
West German mark	1.8280	0.0005
Source: Reuters		

companies and investment houses in Japan are cutting back on investments in the United States and shifting some investment flows to non-dollar investments: pounds, Deutsche marks, and Canadian dollar bonds." The dollar fell to 1.30825 Canadian dollars from 1.31470 Thursday.

In London, the dollar closed at 183.22 DM, down marginally from 183.33 DM at Thursday's close, and at 151.65 yen, up from 151.45.

It rose against the pound, which

closed at \$1.6020, down from \$1.6038.

Dealers said that market sentiment remained in the pound's favor after the unveiling of a cautious budget 1987-88 budget this week by Britain's Conservative government.

A U.S. bank trader said that Britain's relatively high interest rates continued to attract foreign investors because of the dull conditions elsewhere on currency markets.

Foreign investors were encouraged this week by a cut in projected government borrowing in the British budget.

The outlook for the pound, however, remains partly dependent on the market's expectations for the dollar, dealers said.

Investors and speculators remain convinced that central bankers are ready to intervene by buying or

selling dollars to keep the currency within a fairly narrow range, dealers said.

They believe that finance ministers of the United States, Japan, West Germany, Britain, France and Canada secretly agreed at their Feb. 22 currency meeting to floors and ceilings for the dollar.

So far, the dollar has held within a range of 1.82 to 1.87 DM since then and has shown little change against other major currencies.

If operators can build up enough confidence to test the limits of the current range, dealers said, interest in the pound will wane and upward pressure will slacken.

In earlier European trading, the dollar was fixed in Frankfurt at 183.05 DM, down from 183.36 Thursday, and in Paris at 6.0965 French francs, down from 6.1030.

(UPI, Reuters)

## Fed Data Suggest Banks Have Ample Reserves

Readers

**NEW YORK** — The latest Federal Reserve data suggest that as the U.S. banking enters a period of traditional tightness, the system is flush with reserves and overall monetary policy is on hold, economists said.

"There is ample liquidity," said Maria Ramirez of Drexel Burnham Lambert Inc. "The Fed is not going to shift gears at the present time or for at least another month."

"Technical and seasonal considerations aside," said Robert C. Clemente of Salomon Brothers Inc., "there is nothing" for the credit market "to get excited about."

Adjusted bank borrowings from the Fed's discount window averaged only \$228 million a day in the first week of the bank statement period ending next Wednesday, compared with \$233 million and \$451 million in the first weeks of the previous two periods.

Another sign of abundant liquidity was the upward revision in banks' net free reserves in the two-week period ended March 11 to a daily average of \$759 million from an estimated \$660 million.

Finally, a Fed spokesman said that the 14 member center banks were absent from the Fed's discount window for the third week running, with the latest week's borrowing split between the large regional and the smaller banks.

While modest open market intervention was apparently enough to defuse any funding pressures in the first week of the latest statement period, economists predicted that the Fed would have to be more aggressive in coming weeks.

The Fed injected temporary reserves into the banking system on

four of the five trading days by means of system and customer repurchase agreements.

Fed funds will be coming under relatively intense pressure, said Salomon's Mr. C. Clemente, referring to the approaching end of the month and of the first quarter, and of the round of holidays and tax dates in April.

"The Fed is faced with a large seasonal adding requirement," said Ward McCarthy of Merrill Lynch & Co., who expects a permanent bill purchase next week and a coupon purchase in early April.

Economists were also heartened by further signs of a deceleration in money supply growth, not only in the largely discredited M-1 gauge but also in the more closely watched M-2 and M-3 aggregates.

M-1, the narrowest measure of the money supply, consists of money in circulation, in traveler's checks and in checking accounts. M-2 consists of M-1 and savings and small time deposits, most money market mutual fund shares and other items. M-3, the broadest aggregate, includes M-2, large time deposits and other items.

M-1 grew only \$500 million in the week ended March 9, far below private forecasts of a \$2.3 billion rise.

"The M-1 increase was surprisingly modest and I suspect we are on our way to another moderate set of M-2 and M-3 figures for March," said Mr. C. Clemente.

Merrill's Mr. McCarthy said they could even come in below the bottom of their respective target ranges.

In February, M-1 was \$18.2 billion below its upper limit and M-3 was \$20.8 billion below.

## EC, Comecon End Talks Still Blocked on Berlin

International Herald Tribune

**GENEVA** — The European Community and the Soviet bloc's Council for Mutual Economic Assistance, or Comecon, ended their first round of negotiations Friday on establishing formal relations.

But the two sides remained sharply divided over the question of including West Berlin in the Western group, diplomats said.

Although officials of the 12-member EC said they had made some progress in three days of talks here, they added that the 10-nation Comecon had refused to accede to the EC position on West Berlin, which is physically isolated inside East German territory.

EC sources said they expected a new Comecon offer on West Berlin when the talks resume at an unspecified date later this year. Under the 1957 Treaty of Rome that formed the EC, West Berlin is termed an integral part of the Western economic group.

An official communiqué by the community said the talks took place in a "good and businesslike atmosphere," and added that "each side put forward drafting suggestions for several provisions of the text."

"Some progress was made towards clarifying positions and bringing them closer together," the statement said. "The delegations were of the opinion that another meeting would be necessary for the completion of this work."

This round of negotiations was the second time the two sides had met in six months. A meeting of experts here last September broke a five-and-a-half-year hiatus that began in 1981, when the talks broke off amid deteriorating East-West relations.

Total EC trade with Comecon in 1986 amounted to about \$47 billion, according to figures from the UN Commission for Europe.

The United States, contributed to a deeper and longer worldwide depression in the 1930s by adopting isolationist economic policies," he told a congressional committee last week. "In an effort to stimulate domestic demand and employment, governments erected high tariffs and other barriers to protect their domestic producers from imports. They also undermined currency arrangements in an attempt to promote exports and generate jobs. These autarkic actions choked off international trade and capital flows."

"Many governments, including

## As Economy Recovers, Singapore Dollar Is Expected to Firm

Reminders

**SINGAPORE** — The Singapore dollar could rise 3 percent to 2.05 against the U.S. dollar this year as Singapore's economy starts to recover, according to currency dealers.

But they said that against other major currencies, it was unlikely to regain much of the value lost since mid-1985.

Currency analysts said that this year the local dollar could firm to 2.05 against the U.S. dollar from its current level of around 2.14. They said it was likely that the Monetary Authority of Singapore would intervene to stop dramatic fluctuations.

Dealers said the Singapore dollar had participated in the general rise of currencies against the U.S. dollar, firming from just over 2.20 in April 1986.

Victor Lam, president of the Forex Association of Singapore, forecast that in the future it

would not appreciate as much against the U.S. dollar as would currencies of other newly industrialized countries, because Singapore was still recovering from recession.

But he said this would encourage U.S. investment in Singapore, as well as investment from non-dollar currency areas, especially Japan.

Last year the Singapore dollar weakened 24 percent against the yen, after a 17 percent decline in 1985. It declined about 23 percent against the Deutsche mark and Swiss franc, and 5 percent against the British pound.

Department of Statistics figures show that Singapore's inflation rate is low. The consumer price index rose 0.6 percent in January to 102.6, after a 0.1 percent increase in December.

Japanese investments in Singapore doubled last year to 489.7 million dollars (\$228.25 million) from 244.1 million dollars in 1985.

Officials of the government's Economic De-

velopment Board said Japanese companies that used to export to Southeast Asia were shifting manufacturing to Singapore because of the strong yen.

Economists said the inflow of long-term investment funds, which rose 27 percent to 1.4 billion Singapore dollars in 1986, would tend to firm the Singapore dollar. But they said this was likely to be offset by net capital outflows.

Banking sources said that last year domestic demand for bank loans was low, causing a capital outflow. Demand is rising, but a robust recovery is not expected this year, they said.

The balance of payments surplus narrowed to 1.2 billion dollars in 1986 from 3 billion in 1985.

Singapore's economic growth rate last year, adjusted for inflation, was 1.5 percent, according to a government estimate.

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**Friday's OTC Prices**

MASDAQ prices as of 4:00 PM New York time

Via The Associated Press

12 Month High Low Stock Div. Yld. % High Low 4 P.M. Chg.

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## ACROSS

1 Sandarac tree  
10 A CUBE HAS SIX  
15 STUDY  
18 Path  
19 Proportion  
20 100 bill  
21 Powerful shark  
22 Throne  
23 Relinquishers  
24 LEAGUES  
25 Erand boy  
26 Chaucer  
27 specialties  
29 Outward  
30 Pours, as from a carafe  
33 Even  
34 Henri's brainstorm  
35 Hams it up  
36 Canary's European cousin  
37 Reappearance after eclipse  
41 Like some forests  
42 Train travelers  
44 Hoopsters' org.

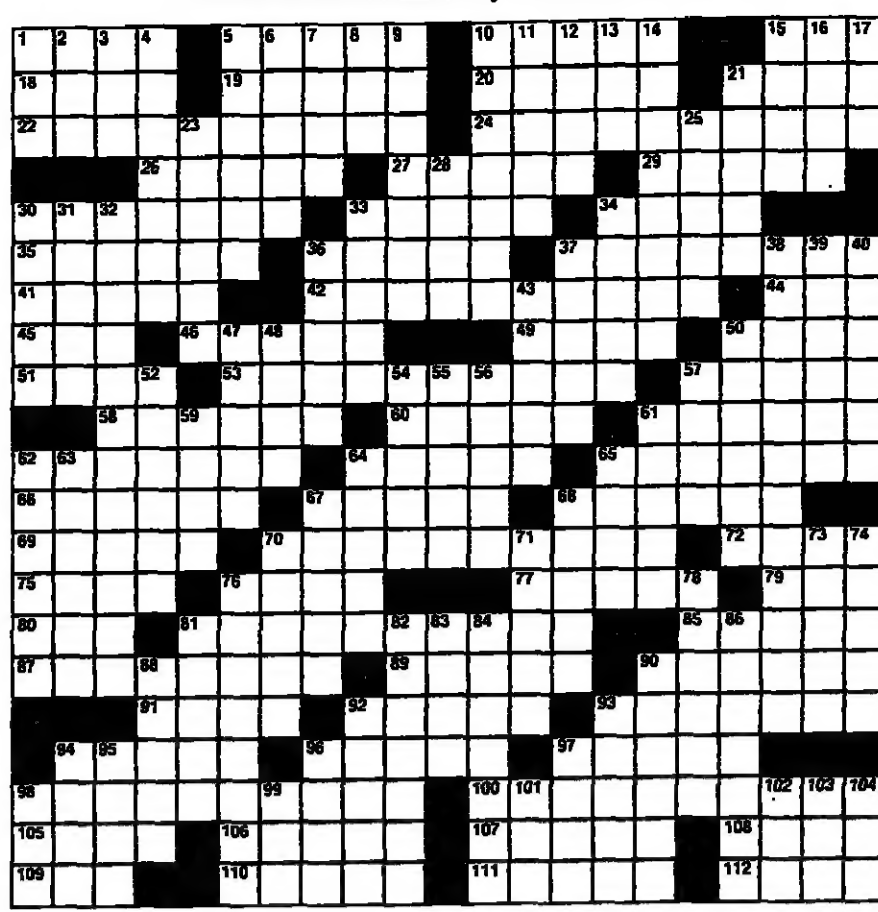
## ACROSS

45 Ancient  
46 Taste  
49 J.F.K. postings  
50 Husband of  
51 Gudrun  
52 5 INCHES  
53 94 METERS  
54 Of a region  
55 Symphonic movement  
56 On high  
57 Relative of  
58 5 INCHES  
59 APPROXIMATELY  
60 Ballet skirts  
61 Excited  
62 Some relatives  
63 Fountain treat  
64 Fall bloomer  
65 Czech city  
66 Lath  
67 Before  
68 Grande and de  
69 Janeiro  
70 "I love —"  
71 O'Keefe  
72 Timber tree  
73 Wine: Comb. form

## ACROSS

81 Providers of  
82 finishing touches  
83 Kinkajou  
84 Rational  
85 Philatelic mount  
86 Pub  
87 Bears, in Barcelona  
88 On high  
89 dance  
90 3 IRON  
91 Rice dish  
92 A mushroom  
93 Avid  
94 Activity for 22  
95 Across  
96 Concert manager  
97 Footed vases  
98 Grant  
99 recipient  
100 Utter  
101 Appropriated  
102 Personal history, for  
103 Pungs  
104 Tullers  
105 Poet Millay

## Numbers Game By Ernst Theimer



© New York Times, edited by Eugene Malachuk.

## DOWN

1 Wing  
2 JEWISH  
TEACHER'S  
TITLE  
3 IN ADDITION  
4 Surrey  
5 Partner of  
6 Delists  
7 Suffix with  
comment  
8 Evergreen  
9 Supports  
10 Kind of  
triangle  
11 Malta, e.g., to  
Hans  
12 Sleep, in Soho  
13 D.D.E.  
command

## DOWN

14 The South, in  
1860-61  
15 Facts  
16 Made do,  
barely  
17 Us, to Cato  
21 Team and  
check  
22 TWO BITS  
23 Bakery  
workers  
24 Rara —  
25 Station  
26 Author Zola  
27 Strong  
censure  
28 Discover  
29 Caucasian  
group

## DOWN

36 Gush  
37 Showy bird  
38 Linked, as this  
puzzle's  
thematic  
entries  
39 Earth-shaped  
brads  
40 Fastened with  
brads  
41 95 CENTS  
42 Borders on  
43 Rents  
44 Mad  
45 Annoy  
46 Capital of Fiji  
47 "Grand  
Canyon Suite"  
composer  
48 Mud volcano  
49 Spins logs

## DOWN

59 —do well  
60 Lab heaters  
61 Rents  
62 Mad  
63 Annoy  
64 Capital of Fiji  
65 "Grand  
Canyon Suite"  
composer  
66 Mud volcano  
67 Spins logs

## DOWN

71 Stately  
composition  
72 Houston  
athlete  
73 Leather strap  
74 Catches by  
Moses Malone  
75 Next best after  
strikes  
76 Cape in Sabah  
77 15 OUNCES  
78 Prong

## DOWN

84 TENPIN  
85 Yielded to  
gluttony  
86 Thrills for  
choristers  
87 Detroit team  
88 Tinted  
89 Traveler  
90 FAIRY  
91 TIME  
(IMMEDIATELY)

## DOWN

96 Golconda  
97 Fencing  
weapon  
98 Mountain  
PASS  
99 Unit of con-  
ductance  
100 Gat  
101 Charged  
particle  
102 Turkish weight

**RED JENNY: A Life with Karl Marx**  
By H.F. Peters. 182 pages. \$14.95. St. Martin's Press Inc., 175 Fifth Avenue, New York, N.Y. 10010.

## ROSA LUXEMBURG: A Life

By Elzbieta Etinger. 286 pages. \$24.95. Beacon Press, 25 Beacon Street, Boston, Mass. 02108.

Reviewed by Raymond M. Lane

THEY look so benign, these women of the last century, with their old-fashioned clothes and hair. The old photographs hardly suggest the price they paid for their work, much less the passion and rigor of their strife-torn years. We moderns may be fooled into thinking of Jenny Marx and Rosa Luxemburg as merely quaint — antique women of little consequence as the century nears its end.

Now come two slim biographies that help counteract such foolishness. As H.F. Peters and Elzbieta Etinger amply demonstrate, Rosa Luxemburg and Jenny Marx are important. What they fought for, after all, was ultimately won. The East is Red, and the world is changed.

## BOOKS

Yet it might not have been, had not the teen-aged Jenny von Westphalen fallen madly under the spell of Karl Marx, who was four years younger, in the provincial German town of Trier. She was a baroness, a Protestant princess; he was Jewish. She went on to marry the intellectual father of communism in 1843 at age 29, bore his four children and devoted the rest of her life and fortune to him and his vision of a better world. She turned her head from his promiscuity, forgiving him for the illegitimate son she fathered with the family housekeeper, Helene (Lenchen) Demuth.

Demuth survived both, and it appears that she and Marx destroyed most of Jenny's records, her diary and letters. In consequence, Peters' book is far too thin a broth, short on detail and ideas.

Still, there is little doubt that Jenny's endless sacrifice for the "revolution" was essential. She answered Marx's mail, proofed his books, bailed him out of jail, helped him round out ideas and became a quiet but necessary part in the process of formulating the ideological underpinnings of communism. And as Peters points out in "Red Jenny," the sole English biography of Jenny Marx, the price

of life with Karl was poverty, brushes with the law and exile from the ease and middle-class comfort she so adored and wanted for her daughters.

In contrast with Jenny's behind-the-scenes revolutionary work, Rosa Luxemburg electrified the masses. She also turned out books, articles, letters, diaries and other writing on her political struggles and private life that still survive. Etinger mines this gold mine to craft a portrait of Luxemburg, focusing on the woman behind the revolution, the dreamer who desired to have a child, a loving man and family at the same time she led the European socialist movement. The daughter of a Jewish merchant, Luxemburg was born March 5, 1870, in Zamosc, Poland. She was a woman of profound intellectual gifts who earned a Ph.D., mastered German, French, Russian and English, and became a powerful leader in German labor and socialist circles at the beginning of the century.

Like Jenny Marx, Luxemburg disliked the spoiled land and the extremes of wealth and poverty 19th-century capitalism created. She came to believe Marx's notion that capitalism would never willingly right these wrongs, and that only a revolution could bring humanity back into balance. She devoted her short, intense life to that end.

The irony is that she and Jenny were hardly members of the downtrodden masses, yearning to be free of the evils of capitalism. They enjoyed all its benefits. Rosa's tragedy was that she died without seeing any of her dreams come true. She was murdered by a young officer during a mad scramble for power after the Kaiser fled Berlin in 1919.

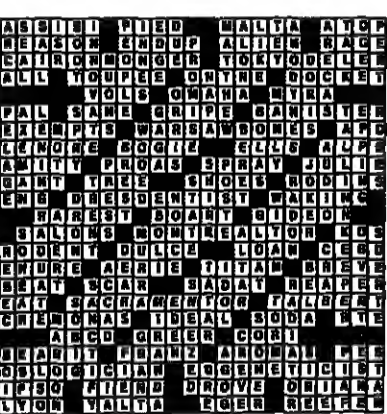
Today there are streets in Moscow named after Rosa Luxemburg and Jenny Marx. But Moscow ignores both, and actually bans Luxemburg's dusty old writings. Small wonder; she opposed both Marx's and Lenin's concepts of a dictatorship and the idea that communism was to be imposed on the many by a few ideologues at the top. She argued with her usual passion that social change was possible only when the people democratically choose to make such changes.

Raymond M. Lane, a former director of public affairs for the Committee for National Security, wrote this review for The Washington Post.

## DENNIS THE MENACE



## Solution to Last Week's Puzzle



## WEATHER

EUROPE	HIGH	LOW	ASIA	HIGH	LOW
Algeria	18	14	44	44	44
Amsterdam	15	10	44	44	44
Antwerp	15	10	44	44	44
Berlin	15	10	44	44	44
Birmingham	15	10	44	44	44
Bombay	32	27	44	44	44
Buenos Aires	21	16	44	44	44
Calcutta	32	27	44	44	44
Canton	21	16	44	44	44
Chongqing	21	16	44	44	44
Colon	21	16	44	44	44
Hankow	21	16	44	44	44
Harbin	21	16	44	44	44
Hong Kong	21	16	44	44	44
Kobe	21	16	44	44	44
London	15	10	44	44	44
Lyons	15	10	44	44	44
Manila	32	27	44	44	44
Medan	32	27	44	44	44
Shanghai	21	16	44	44	44
Singapore	21	16	44	44	44
Tientsin	21	16	44	44	44
Yokohama	21	16	44	44	44

## World Stock Markets

Via Agence France-Presse March 20  
Closing prices in local currencies unless otherwise indicated.

Amsterdam	Clos. Prev.	Stocks	Clos. Prev.
ABN	303.15	Amst. 100	100.00
AFG	303.15	Amst. 100	100.00
AFG	303.15	Amst. 100	100.00
AFG	303.15	Amst. 100	100.00
AFG	303.15	Amst. 100	100.00
AFG	303.15	Amst. 100	100.00
AFG	303.15	Amst. 100	100.00
AFG	303.15	Amst. 100	100.00
AFG	303.15	Amst. 100	100.00
AFG	303.15	Amst. 100	100.00

London	Clos. Prev.	Stocks	Clos. Prev.
AA	303.15	Amst. 100	100.00
AA	303.15	Amst. 100	100.00
AA	303.15	Amst. 100	100.00
AA	303.15	Amst. 100	100.00
AA	303.15	Amst. 100	100.00
AA	303.15	Amst. 100	100.00
AA	303.15	Amst. 100	100.00
AA	303.15	Amst. 100	100.00
AA	303.15	Amst. 100	100.00
AA	303.15	Amst. 100	100.00

Stockholm	Clos. Prev.	Stocks	Clos. Prev.
AA	303.15	Amst. 100	100.00
AA	303.15	Amst. 100	100.00
AA	303.15	Amst. 100	100.00
AA	303.15	Amst. 100	100.00
AA	303.15	Amst. 100	100.00
AA	303.15	Amst. 100	100.00
AA	303.15	Amst. 100	100.00
AA	303.15	Amst. 100	100.00
AA	303.15	Amst. 100	100.00
AA	303.15	Amst. 100	100.00

Tokyo	Clos. Prev.	Stocks	Clos. Prev.
AA	303.15	Amst. 100	100.00
AA	303.15	Amst. 100	100.00
AA	303.15	Amst. 100	100.00
AA	303.15	Amst. 100	100.00
AA	303.15	Amst. 100	100.00
AA	303.15	Amst. 100	100.00
AA	303.15	Amst. 100	100.00
AA	303.15	Amst. 100	100.00
AA	303.15	Amst. 100	100.00
AA	303.15	Amst. 100	100.00



## SPORTS

## Fun, Thunder at Hunt Races

English, Irish Join to Admire the Great Leaping Horses

Francis X. Clines  
New York Times Service  
CHELTENHAM, England — If there is some magical creature that can bring the Irish and English closer together, it was running here Thursday on four legs.

More than running, the great leaping race horses of Britain and Ireland went booming around the champion steeplechase course set in the gentle Vale of Gloucester, vying in a competition that is one of the few annually reliable high points of British-Irish relations.

It is the National Hunt Racing contest, three days of competition rooted in the resilient green turf and broad noble backs of the bloodline the two nations proudly share in the world's finest hurdles and steeplechase races.

"You have to love them," said Rick Cook, an advertising executive who comes each year from London, 90 miles (145 kilometers) to the east, to admire the many visiting Irish horseplayers as much as the champion Irish horses.

"God, they're fearless punters," he said of the Irish bettors who make this the last grand Saturday of the British winter. "They'll throw everything they own at the bookmakers and they'll do it for the sheer fun."

Joe Stapleton, an Anglophile when it comes to horses, said he makes his annual fanatical outing from Tipperary across the Irish Sea because there is no place like Cheltenham for what the Irish term "the crack."

The crack is the sporting fun and thunder of a race among the best at gliding and pounding along the trickiest turf inclines.

"The crack is good here, it's a great atmosphere that we love, and there's no better horse racing possible," he said after losing \$300 on the nose of an Irish jumper in the first race. A companion reminded him that there was an alternative to test-gashing: "We'll drink our way out of it."

The betting, on the Irish side at least, is quite nationalistic.

When an Irish horse races off with a big prize, crowds of the Irish throw their hats in the air and burst onto the track from the low-priced betting quarter to lead the creature to the prize ring. English sports, who have been busy buying up strong Irish horses over the centuries, can only salute them.

The horses are beautiful brutes of stamina that must bound over as many as 30 rough-hedged five-foot-high (1.5-me-

ter) hurdles in a grueling four-mile race. They draw money, growls and cheers from an assortment of winners and losers as refreshingly motley as the Royal Ascot crowd is stylishly posed in the summer season of the thoroughbreds who race on the flat.

Some of the punters who come from Dublin each year by the tens of thousands were sipping hot Irish whiskey in the winter rawness Thursday morning, three hours before the first race.

With their keen eyes for horse-flesh, they seemed as regal in their way as the aristocrats of blood and business out from London who sipped champagne and sherry in heated boxes and shopped seriously, it seemed, among a display of new Rolls-Royces between races.

The track is set in a fold of dappled hills. Slate-blue clouds raced overhead fast as the horses, first allowing snow to fall on some of the thirty, open-shirted bettors busy reading the form as they handicapped the next race.

Then shafts of sunlight hit the wet ground, reviving the wind-whipped daffodils and drawing brief squints upward from bettors.

Only Cheltenham hunt racing can attract the disparate nobilities of the Queen Mother, smiling in the prize ring, and Charmian Hill, a wee Irish woman so joyously addicted to steeplechase racing that she had to be hauled away by a jockey at the age of 64 when she was almost killed in a hurdle accident.

Hill was the owner of the Irish mare Dawn Run, the only horse ever to win the two big Cheltenham prizes, the Champion Hurdle and the Gold Cup steeplechase, a most unusual combination of separate feats of finesse and strength in one horse.

That was one of the great days of modern history on English ground for the true Irish. They enjoy hunt racing as an activity in which owners of modest means can survive in the sport by spotting promising local horses and slowly training them for five years before they jump for prizes.

Because geldings are preferred, there is no millionaire's game of putting a champion out to stud early in its career.

"The people who come here, Irish and English, know that this is a branch of racing that will never be elitist and manipulated by big-money owners," said Tom Smyth, who has been coming from Cork, Ireland, since 1950.

And the cheers of another Cheltenham meet, there was something even rarer between the British and Irish: a common mourning. It was for Dawn Run, who was killed in a race in France last year, a few months after her last triumph here.

"I had a thousand riding on the front-runner and Dawn Run overtook him at the last jump," said Cook, standing by the jump that leads onto a homestretch that runs cruelly uphill. "She ran straight up the damn hill like no other champion, and everyone stood and applauded that horse."

## 3 Big East Teams, Tar Heels Advance in NCAA



Florida's Kenny McClary, left, battles Derek Bower during Syracuse's 87-81 victory in an NCAA regional semifinal.

## Grudgingly, NFL Agrees To Replay the Replay

United Press International  
KAANAPALI, Hawaii — National Football League owners have given instant replay a second life — barely.

A proposal to extend to next season the use of instant replay in officiating garnered just the 21 votes it needed for passage Thursday. Seven teams — Cincinnati, the New York Giants, the New York Jets, Pittsburgh, New England, St. Louis and Kansas City — opposed using replay in the 1987 season.

Commissioner Pete Rozelle backed the proposal and lobbied with the owners.

"I didn't twist any arms," the commissioner said. "I just told two or three owners before the meeting that I was for it. I told them I thought we could do a better job for them this year."

The commissioner decided at the last moment to change the replay proposal to a one-year, rather than two-year, extension.

The debate was characterized by Rozelle as "emotional" at times. Jack Steinhilber, the Kansas City Chiefs' president, was one of those who opposed the measure. "Our concern was primarily peace of the game," Steinhilber said. "We feel long delays of play like we saw last year kills momentum."

London Game Proposal  
The Los Angeles Rams and Denver Broncos will meet Aug. 9 at London's Wembley Stadium if the NFL and its players union can settle a dispute over a union demand for \$80,000 to allow the preseason game to take place. The Associated Press reported from Kananapali.

Rozelle announced the match-up Friday, but said it was contingent on settlement of the dispute with the Players Association, which must give permission to play what would be a fifth exhibition contest for both teams. The commissioner said the union wanted the money to cover its legal costs in its successful arbitration fight against the league's random drug-testing plan.

NEW YORK — After a year's absence from the Final Four, the Big East Conference is back in business.

Three conference teams — Georgetown, Syracuse and Providence — scored impressive victories in Thursday night's regional semifinals of the National Collegiate Athletic Association's basketball tournament.

Twelve teams remain from the 64 that began the tournament earlier this month, but the Big East already is assured of having at least one team in the Final Four, and could have two.

Georgetown won the tournament in 1984 and Villanova beat the Hoyas for the 1985 title, the year St. John's gave the Big East three members of the Final Four.

In the Southeast regional at Louisville, Kentucky, Providence used three-point shooting to roll to an upset of ninth-ranked Alabama, and fourth-ranked Georgetown stopped No. 20 Kansas for the Hoyas' 14th straight victory.

In the East regional at East Rutherford, New Jersey, center Rony Seikaly scored a career-high 33 points to lead No. 10 Syracuse over Florida. Then, in Thursday's only game that didn't involve a team from the Big East, North Carolina's freshman sensation, J.R. Reid, scored 31 points and personally held off No. 18 Notre Dame down the stretch as the second-ranked Tar Heels avenged a regular-season loss.

Georgetown and Providence meet Saturday for the fourth time this season — Georgetown has won twice — with the winner advancing to the Final Four.

If Syracuse beats North Carolina on Saturday, the Orangemen will play the Georgetown-Providence winner in the national semifinals.

Georgetown 70, Kansas 57: Reggie Williams scored 34 points to lead the Hoyas.

Georgetown was trailing 41-39, with 13:17 left in the game when Charles Smith scored seven straight points. He started with a three-point shot, added a basket off a fast break and then hit two free throws to stretch the Hoyas' lead to 46-41.

"I'm not surprised at Charles' ability to play offense," Georgetown coach, John Thompson, said of a player better known for his defense.

Smith finished with 13 points. The Kansas coach, Larry Brown, said his Jayhawks "were just getting back into the rhythm" when Smith went on his seven-point tear. "They came down with every rebound that was in question and every loose ball, and that was the key to the game," Brown said.

The Kansas all-American, Danny Manning, scored 23 points, but just four in the second half. Discussing his team's defensive job on Manning in the final 20 minutes, Thompson singled out Anthony Allen and Ronnie Highsmith, but added, "They got help from a lot of people. The object of our defense is to wear opponents down. Hopefully, in the end they get a little tired. With Manning, we were using three or four people to wear him down."

Providence 103, Alabama 82: The Friars guards Billy Donovan and Delray Brooks bombed away for five three-point goals apiece and Providence sank 14 of 22 shots from three-point range to Alabama's seven of 23.

All told, the Friars shot 69 percent.

Donovan, who had 26 points, got all five of his three-point goals in the first half as the Friars took a 49-41 lead. Brooks, who had 23 points, continued the assault in the second half with four three-pointers.

"The first shot I took felt good," said Donovan, who also had 10 assists. "I felt I would have a good night. If my man comes out, I try to dribble past him and dump it back to me. Sometimes for an opposing team it can become frustrating because of the way we play with our pressure (defense) and the three-point shot."

A three-pointer by Brooks ignited a 12-2 run that ended with Darryl Wright's three-pointer and gave Providence a 35-24 lead with 6:27 left in the first half. After Alabama pulled within 38-34, Providence scored nine straight points. Alabama, which lost for the third year in a row in the regional semifinals, could get no closer than seven points in the second half. Jim

Farmer topped the Crimson Tide with 24 points.

Syracuse 87, Florida 81: Syracuse erased a 69-64 deficit and took the lead for good 77-75 on freshman Derrick Coleman's dunk with 1:49 left. However, both coaches agreed that Coleman's block on Andrew Moten's shot with 5:10 to go and Florida leading by five was the turning point, since the Orangemen promptly cut the deficit to 69-67 on Howard Triche's three-point play.

"It was the key to the game," said the Syracuse coach, Jim Boheim. If Moten had scored, he said, "we would have been down seven and it would be very tough to come back from there."

Florida's coach, Norm Sloan, said, "I thought we had them on the ropes, but they came back and did what they had to do to win. The play was on Moten's drive and they got a block with no foul."

The expected battle of big men never materialized. The 6-foot-10 (2.10-meter) Seikaly scored 23 points in the first half while Florida's 7-2 (2.19-meter) freshman Dwayne Schintzius had only six points before fouling out with 3:37 left. Vernon Maxwell led the Gators with 25 points.

North Carolina 74, Notre Dame 68: Reid was the North Carolina offense in the final 7:45. The 6-foot-9 forward scored 16 of the Tar Heels' final 17 points with a variety of turnaround jumpers and rim-shaking dunks.

Notre Dame, which had won 11 games in a row, got within three points twice in the final four minutes. Both times Reid countered with baskets.

J.R. showed he was a man tonight," said the North Carolina coach, Dean Smith. "He certainly scored a lot of tough points."

Reid said, "All I wanted to do was get the ball down the stretch. I was just getting the ball in great scoring position from my teammates. This team has a lot of great players. I think any one of them could have done it."

North Carolina took control in the first half with a 16-4 run — Reid scored seven points — for a 28-19 lead. The Tar Heels never trailed again.

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## SPORTS BRIEFS

## 4 Speed Skating Records Are Broken

HEERENVEEN, Netherlands (AP) — Two American and two Dutch skaters set world records at a speed skating event on Thursday.

Nick Thometz of the United States skated 500 meters in 36.55 seconds, improving the men's record by 1.02. The old mark was held by Pavel Pegov of the Soviet Union. Bonnie Blair of the United States clocked 39.43 seconds at 500 meters to break the women's record of 39.52 seconds held by Karin Kania of East Germany.

In the 3,000 meters, Leo Visser of the Netherlands set a men's record of 3:59.27. Last year, Viktor Shashurin of the Soviet Union skated that distance in 4:03.22. The 3,000 meter women's world record was also taken from Kania, by Dutch skater Yvonne van Gennip, in 4:16.85 seconds. Kania's previous record was 4:18.02.

## U.S. Gymnasts Rebuff South Africa

INDIANAPOLIS (AP) — In response to an invitation to send athletes to South Africa, the U.S. gymnastics team has voted unanimously to suspend competition with that country, the U.S. Gymnastics Federation announced.

The federation's Athletics Council cited the South African government's policy of apartheid and the growing political unrest there.

The council, which consists of current and former members of the U.S. gymnastics team, supported Thursday the position taken last December by the federation's board of directors.

## New Brain Surgery Set for Howser

KANSAS CITY, Missouri (UPI) — Dick Howser, the former Kansas City Royals manager, was to undergo Friday a third operation for treatment of a malignant brain tumor, a club spokesman said.

Howser was to undergo immunostimulation, a form of experimental brain surgery in which cancer-killing cells are injected into the area of a malignant brain tumor, at a hospital in Pasadena, California.

Howser underwent a left frontal craniotomy last July 22 in Kansas City and initial immunostimulation surgery at the California hospital on Dec. 5. The club spokesman said Howser had a brain scan this month and learned that there was some evidence there was growth in the tumor.

## Robitaille Wins Rookies' Face-Off

By Julie Carr  
Los Angeles Times Service

PHILADELPHIA — Deep within a crowd of reporters, the Los Angeles Kings' ace rookie, was trapped by nosing reporters and a sea of nosing reporters.

It wasn't the first time Luc Robitaille had drawn a crowd here Thursday night, but he had more difficulty tiding himself of these predators than he had in shaking Philadelphia Flyers' defenseman.

"Is that the rookie of the year in there?" the Kings' defenseman Jay Wells shouted in to Robitaille.

Robitaille is not yet the rookie of the year, but his two goals reflected his decisive domination of the other candidate for the award — Flyers goaltender Ron Hextall.

The Kings' 5-2 victory in front of a sellout 17,222 in the Spectrum boosted Robitaille's stock for the rookies Calder Trophy and the Kings' hold on the final playoff spot in the National Hockey League's Smythe Division.

"It was the first victory for the Kings in the Spectrum since Nov. 3, 1983. They can thank Robitaille, who leads rookie scorers with 39 goals and 72 points.

Hextall, 22, leads the league in nearly every goaltending category, with a goals-against average of 2.99. But after allowing five goals

## NHL FOCUS

In the first two periods — four in the second — Hextall was pulled in favor of Chico Resch.

Each team scored once in the first period, and the Kings blew it open in the second period. Bernie Nicholls' goal at 9:35 began a four-goal spurt by the Kings.

Robitaille's first goal, at 11:08, came on a breakaway. He picked up the puck at the Flyers' blue line and charged Hextall.

The goaltender came out to the edge of the crease with Robitaille skating fast on the left side. He faked a shot, then put the puck high to Hextall's glove side, the only spot the goalie could not reach.

Two minutes later, Robitaille took a pass from Bob Carpenter to score and make it 4-1.

Hextall — who has been assessed an NHL-record 91 penalty minutes — dug the puck out of the net and sent it flying and then took a swipe at the ice with his stick. "I looked at him, and he looked real mad," Robitaille said.

The manager, Mick Mills, said Friday: "We wanted to see how he coped when he came back before we released the story. We did not want to put further pressure on the lad at the time."

"He was not quite right early on and twice had to go back to have the pacemaker reset. Now it seems he has battled through his own personal trauma," said Mills, a former England captain.

Hemming, who joined Stoke from school, completed two years ago of breathing difficulties. He forced his way into the first team last season but was still struggling to finish games.

On Tuesday night, he came through a game without difficulty as Stoke beat second division rivals Sunderland, 3-0.

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## English Soccer Professional

## Plays With Heart Pacemaker

Reuter

LONDON — Chris Hemming has made soccer history by becoming the first professional player to be fitted with a heart pacemaker.

Hemming, a defender who will be 21 next month, had the pacemaker fitted last summer after persistent breathing problems. But his club Stoke, standing seventh in the English League second division, has just released the news.

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